EUROPE'S BUSINESS NEWSPAPER

FINANCIAL TIMES

FT No. 31,600

Tuesday November 5 1991

Φ D 8523A

SOUTH KOREA
Turbulent times for life assurance
Page 23

World News

Millions join black S African strike

Millions of black South Africans staged what trade unions said was the largest strike in the country's history to demand a greater say in economic policy-making and to protest at the imposition of a 10 per cent value-added tax. Page 20

Serbia on deadline
EC foreign ministers last night agreed to impose a tough package of sanctions on the whole of Yugoslavia if the republic of Serbia refuses to accept the Community's peace proposals. Page 20, Last hope for a lasting peace, Page 19

Autobahn jam
A monumental 70km traffic jam on the Nuremberg-Berlin autobahn, caused by a minor traffic accident, left thousands of motorists trapped for up to 18 hours. Page 20

Gorbachev warning
The Soviet Union is "peering into an abyss", President Mikhail Gorbachev said, warning the Russian leader, Mr Boris Yeltsin, of the dangers of his republic "going it alone". Page 20; West ponders value of shoring up Soviet centre, Page 2

Army chief sworn in
General Martin Balza was sworn in as Argentina's eighth army chief in as many years, promising to carry out sweeping reform of a force which has resisted all significant change since relinquishing power to politicians in 1983. Page 8

Pakistani bomb blast
Two people were killed and 15 injured when a bomb exploded in a minibus near the Pakistani city of Gujranwala, 40 miles from Lahore.

Guerillas claim attack
Greece's extreme leftist November 17 guerrilla group said it launched two rockets against a police bus in central Athens at the weekend which killed one policeman and injured eight.

Fireworks kill 30
Thirty people were killed at the weekend in fires set off by exploding fireworks being made or sold for India's main Hindu festival

Earthquake strikes Iran
Three earthquakes hit the southwest Iranian town of Beh bahan injuring at least 51 people. Geologists at Tehran University measured the tremors at 6, 4.2 and 4.8 degrees on the Richter Scale.

Japan aids Koreans
Japan donated Y1.7bn ($13m) through the Red Cross to help South Koreans injured when the US dropped nuclear bombs on Japan during the Second World War.

Former king stabbed
Ex-king Zahir Shah of Afghanistan, a symbol of legitimate authority for many Afghans, suffered face and stomach wounds when he was stabbed at his home in Rome by an attacker posing as a journalist.

Boat people moved
Prison officers moved more than 1,000 Vietnamese from Hong Kong's largest camp for boat people to defuse tension after three days of fighting. Police seized 450 homemade weapons, including spears and knives.

Zoo pandas to romance
Bao Bao, Germany's only male panda, will soon be off on a two-year "honeymoon" in Britain to mate with Whipsnade Park Zoo's Ming Ming.

Literary prize
France's top literary award, the Prix Goncourt, was won by opera critic and journalist Pierre Combescot for a sprawling tale of working-class Parisian life. "Filles du Calvaire".

Business Summary

Prospect of price review at BT angers investors

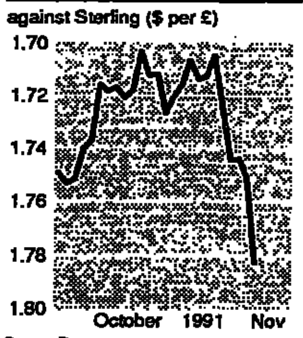
A consultative document on prices charged by BT, British telecommunications company, is to be issued in January by Oftel, the industry's watchdog for consumers – a month after the UK government sale of a £5bn ($8.6bn) stake in the company.

News of the document's timing angered large investors, who said they could buy shares only to find BT's prices and profits subjected to tighter regulation. Page 21

STERLING rose to a seven-month high against a dollar weakened by fears of the US economy sliding back into recession. It closed in London at $1.7805, up from $1.7495. The Bank of England's sterling index rose 0.5 to 91.3. The dollar fell to an eight-month low against the D-Mark. At one stage in London it reached DM1.628 before recovering to close at DM1.632 from DM1.661. Page 38

Dollar

against Sterling ($ per £)



Source: Datastream

NISSAN Motor, Japanese car group in Europe, gained French government approval to buy Richard Nissan, its French importer and distributor, for FFr861m ($149.47m). Page 21

SEALINK Stena Line, cross-Channel ferry operator plying the short sea routes between Britain and France, said it still wanted to pool resources with its rival, P&O European Ferries, against competition from the Channel tunnel, but not until next year. Page 9

COBALT prices jumped 25 per cent to $30 a lb on the free market after rumours spread that Gecamines, Zaire's state-owned mining group and the western world's biggest supplier, had suspended sales. Page 30

ULTRAMAR, UK-based diversified oil and gas company, wants an oil-producing country to take an interest in its Quebec refinery as part of its defence against a £1.15bn ($1.97bn) bid from Lasmo, UK exploration company. Page 21, Lex, Page 20

WARBURG INVESTMENT Trust Co said its yen-denominated Warburg Saiken Fund, a Japanese investment trust, had raised £155m ($266m) in its offering period, becoming the largest investment trust sold in Japan on behalf of a foreign-owned manager. Page 29

BLUE Circle Industries, producer of nearly half the UK's cement, continued its diversification by paying £18.7m ($32.16m) for Thermopanel, Sweden's largest radiator producer. Page 22

AMERICAN Express, reeling from a string of bad debts, write-offs and losses in its Travel Related Services division, was disappointed at a decision by Moody's, US credit rating service, to downgrade $7bn (£4.07bn) of its long-term debt. Page 29

STURGE Holdings, biggest managing and members' agency group at Lloyd's of London insurance market, is to acquire British American Insurance Agency, a Dusseldorf-based underwriting agency. Page 22

Pennsylvania promises Bush his 'worst week'

By Lionel Barber in Washington

PRESIDENT George Bush is watching with white knuckles, the Democratic party is watching with fingers crossed. Without doubt, today's race for the vacant US Senate seat in Pennsylvania has turned into the most important event in the political calendar this year.

Thanks to an improbably strong showing by Mr Harris Wofford, a virtual unknown who has wiped out a 40 per cent gap to run even in the polls, the Democrats have managed to turn the race into a referendum on the Bush administration.

To the more starry-eyed party activists, Pennsylvania may even be a dress rehearsal for the 1992 presidential election.

Senator Phil Gramm of Texas, the usually feisty chairman of the National Republican Senatorial committee, told Mr Bush last week to prepare for a loss. With one eye on continuing criticism of Mr Bush's foreign travels – the president travels to Rome this week for the Nato summit – Mr Gramm advised him to brace himself for "the worst week of his presidency".

Pennsylvania is a big, blue-collar state which, like the rest of the east and west coast, is still suffering from the recession. It also provides the first test of voter sentiment since Mr Bush's popularity – and his re-election prospects – started to dip in national opinion polls.

Pennsylvania was supposed to be an easy win for Mr Richard Thornburgh, 59, the Republican candidate. A former two-term governor of the state who served as US attorney-general in the Reagan and Bush administrations. Mr Thornburgh is best known for his cool handling of the Three Mile Island nuclear reactor crisis.

In Washington, he was a lot less clear-headed, at one point strapping himself to a polygraph to prove he was not the source of a news leak.

Mr Thornburgh's aloof approach to campaigning, reminiscent of President Bush, has allowed Mr Wofford, 65, to snatch the initiative.

A former civil rights aide to President Kennedy and Dr Martin Luther King, Mr Wofford has led a populist crusade to "take care of our own". He stands for national health insurance, federal aid to the middle class through tax cuts, and against a smug, indifferent

Continued on Page 20

UK sparks new rift on EC policy

By David Gardner in Brussels

THE UK was yesterday isolated from its European Community partners over control of the right of entry into the EC and over social policy, dimming the prospect of an agreement on political union at the Maastricht summit in five weeks' time.

Mr Douglas Hurd, Britain's foreign secretary, in a strongly-worded attack on EC interference over national policies said it was the "the apparent wish of the [European] Commission to exert its influence in every nook and cranny of daily life".

Yesterday's disagreement focused on two issues:

● A proposal supported by the other 11 EC states which, for the first time, gives the EC a say over the movements of non-EC nationals within a barrier-free Europe. Under these proposals a short-term visa granted by, say Italy, would allow automatic entry into the rest of the community;

● Britain's insistence that there be no extension of EC jurisdiction on social policy.

Mr Hurd – who was attending an EC foreign ministers' meeting in Brussels – refused to yield on bringing short-term visa policy into the EC sphere and extending Community jurisdiction in social policy. He added that feeling in Britain showed "a clear distinction between the desire for all to work together and the extension of Community competence". However, he would not be drawn on whether the UK would decide against signing the treaty in Maastricht if control of social policy remained the one outstanding dispute with its partners.

"It is an important point for us, I don't think I want to go any further than that. We do not believe it is in the interest of Britain or other members of the Community to add to EC competence in the social sector."

The EC's Dutch presidency said the compromises rejected by Britain yesterday would be put forward at Maastricht unless the UK could find solutions acceptable to its partners at next week's informal conclave of foreign ministers in the Netherlands.

Mr Hans van den Broek, the Dutch foreign minister, said with regard to social issues: "We are still walking on eggs – but none of the eggs has yet been broken."

In a forthright reaction to Mr Hurd's comments, Mr Jacques Delors, the European Commission president, said they reminded him of the British official who attended the Messina conference in 1955 which paved the way for the EC's founding Treaty of Rome.

Then the British official said he was happy to be leaving the talks "because you are not going to agree anything, and if you do agree anything it will never happen, and if it does happen it will be a disaster".

Control over immigration and social policy are two of the four most sensitive issues for Mr John Major's government, as it fights to channel the revisions to the Treaty of Rome into a direction acceptable to the Tory party as compatible with national sovereignty.

Italy ceases to be a soft touch for immgration, Page 3

Syria pledges to continue talks

By Hugh Carnegy and Tony Walker in Madrid

SYRIA yesterday pledged to continue peace talks with Israel despite reaching deadlock at the first ever face-to-face negotiations between the two sides.

All parties in the Middle East peace conference left Madrid yesterday after completing their first round of bilateral talks which followed last week's ceremonial opening.

No agreement was reached on when or where to reconvene the three sets of talks between Israel and its Arab foes: Syria, Lebanon, and a joint Jordanian-Palestinian delegation. But all sides said they were prepared to go ahead with the process. A pause of several weeks is now likely while all sides seek agreement on where talks should continue.

Mr Yitzhak Shamir, the Israeli prime minister, said in Jerusalem that the US and the Soviet Union had given the parties to the talks two weeks in which to resolve the problem over venue. After that point, they would make their own compromise suggestions.

President George Bush of the US said he was pleased with the outcome of the unprecedented meetings. "The talks are progressing well," he said on board Air Force One as he headed for the inauguration of the Ronald Reagan Library in California. "These meetings have broken new ground. In effect they have established a new baseline for considering Middle East problems. There's a long way to go but hopes are bright."

Israeli officials said they hoped agreement could be reached quickly with the Jordanian-Palestinian side on a venue in Europe, possibly Cyprus or the Greek islands. The willingness of both sides to move on to substantive talks on Palestinian self-rule was the most positive outcome of the bilateral talks.

But a row over the venue almost upset the first round. Syria wanted to stay in Madrid, but Israel refused, suggesting the Middle East, including Israel.


An angry Farouq al-Sharaa, Syrian foreign minister, following yesterday's meeting in Madrid. On his right is Syrian chief delegate Muwaffaq al Allaf

When the Syrian and Israel delegations finally met on Sunday night they disagreed both over the venue for future talks and over the key substantive issue – an Israeli withdrawal from the occupied territories. An Israeli spokesman said the atmosphere was polite, but the two sides were in complete disagreement.

Syria strongly criticised Israel's refusal to accept that United Nations resolutions 242 and 338, on which the negotiations are based, required a complete Israeli withdrawal from the West Bank, Golan Heights, Gaza Strip and east Jerusalem. "No one can imagine peace without the return of the occupied territories," said Mr Farouq al-Sharaa, the Syrian foreign minister. However, he added: "Our delegation will continue to look forward to resuming the bilateral talks. We are waiting for the co-sponsors... – the US and the Soviet Union – to suggest the next venue."

Mr Yassir Arafat, the chairman of the Palestine Liberation Organisation, also said the talks were very positive. "We hope this will continue at the next phase," he said. The PLO was excluded from the peace talks at Israel's insistence, but its support is crucial to any progress as the Palestinian delegates will not move forward without its approval.

Israel prompted strong Arab protests yesterday when a new Jewish settlement was founded in the Golan Heights, captured from Syria in 1967.

Mr al-Sharaa said angrily: "Building settlements is illegal and contrary to any sort of desire for peace."

First line of defences broken down, Page 7
Editorial comment, Page 18

Airbus chairman renews attack on British Airways

By Paul Betts in Dubai

MR JEAN PIERSON, the chairman of the European Airbus consortium, is intensifying his attack against British Airways by sending a second letter to Sir Leon Brittan, the European Commission head of competition, to back up his case against BA's allegedly anti-competitive behaviour towards Airbus.

Mr Pierson is expected to write to Sir Leon at the end of this week.

He confirmed yesterday he was planning to submit additional information to the EC to boost the dossier against the UK airline, which he originally sent on September 17.

The 20-page dossier alleges that BA and Lord King, its chairman, favoured Boeing and General Electric of the US over Airbus and Rolls-Royce in the airline's £38bn ($65bn) purchase of new wide-body aircraft in August.

The additional information contains what Mr Pierson believes is further evidence of the financial concession granted to BA by the two US companies to secure the order for Boeing 777 aircraft powered by GE's new GE90 engines.

BA has claimed the Airbus allegations were "totally unfounded". Details of the original Airbus dossier were leaked last week, accusing BA of conspiring to freeze out Airbus in favour of Boeing.

Mr Pierson intends to maintain the pressure on the Commission to investigate BA's latest acquisition of Boeing aircraft, as well as BA's systematic policy of buying Boeing airliners in its last four aircraft acquisition campaigns.

Mr Pierson wants the Commission to ascertain whether BA has breached EC competition rules.

He said Sir Leon had acknowledged receipt of his original memorandum and it was up to the Commission to decide what course of action it intended to take. But he added he would continue to feed information about the deal to the EC, as and when it became available to Airbus. "Like Lord King, I am doing my best for my shareholders," he said.

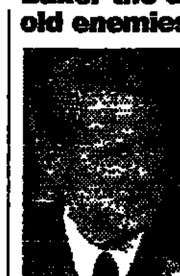
Mr Pierson also disclosed he had informed all the heads of the Airbus partner company of his intention to complain to the EC. This included Sir Graham Day, the British Aerospace chairman, Mr Henri Martre, the head of Aerospatiale of France, Mr Johann Schrempp, the chairman of Deutsche Aerospace, and the head of Casa of Spain.

Mr Pierson believes Airbus has from the beginning been "set up" by BA, which apparently always intended to acquire Boeing aircraft. Airbus had hoped to sell its new A340 long-range aircraft to BA. This would have opened the door for additional Airbus sales to the UK carrier, including A320 narrow body aircraft instead of Boeing 737 airliners.

Following BA's decision to opt for Boeing 777s, Airbus expects BA to dispose of the 10 A320s acquires when it bought British Caledonian.

CONTENTS

Baker the diplomat pushes old enemies beyond symbolism


James Baker, US secretary of state is well-satisfied. In spite of the rancour surrounding the Middle East peace conference, nothing can obscure its achievement of face-to-face talks between enemies. Page 7

MARKETS

STERLING
New York:
$1.7735 (1.767
London:
$1.7805 (1.7495)
DM2.905 (same)
FFr9.935 (9.9275)
SFr2.555 (same)
Y229.5 (227.75)
£ index 91.3 (90.8)

GOLD
New York Comex Dec
$358.1 (356.9)
London:
$356.45 (357.8)

N SEA OIL (Argus)
Brent 15-day Dec
$22.525 (22.375)

Chief price changes yesterday: Page 21

DOLLAR
New York: close
DM1.639 (1.6445)
FFr5.6015 (5.7235)
SFr1.4425 (1.4435)
Y129.25 (129.75)
London:
DM1.633 (1.661)
FFr5.58 (5.675)
SFr1.435 (1.46)
Y128.9 (130.25)
$ index 63.2 (63.9)

US closing rates
Fed Funds $4\frac{13}{16}$% (5%)
3-mo Treasury Bills:
yield: 4.844% (4.877%)
Long Bond:
$101\frac{13}{16}$ ($102\frac{5}{32}$)
yield: 7.947% (7.928%)

STOCK INDICES
FT-SE 100:
2,527.8 (−21.7)
FT-SE Eurotrack 100:
1,088.07 (−7.04)
FT-A All-Share:
1,223.67 (−0.7%)
FT-A World Index:
149.10 (+0.5)
New York close
DJ Ind. Av.
3,045.62 (−10.73)
S&P Comp
390.27 (−1.05)
Tokyo:
Markets closed

LONDON MONEY
3-month Interbank:
$10\frac{7}{16}$% ($10\frac{13}{32}$%)
Liffe long gilt future:
$94\frac{13}{32}$ ($94\frac{7}{16}$)

German current account deficit rises to DM3.4bn

By Quentin Peel in Bonn

GERMANY'S visible trade balance slipped back into deficit in September, as the surge in imports for the reconstruction of eastern Germany continued to outpace a sluggish export performance.

The trade deficit of just DM300m ($182m) meant that the overall current account for the month was in deficit to the tune of DM3.4bn ($2bn), suggesting that a trade surplus in August was more a seasonal reaction than a change in the current trend.

For the nine months so far this year, Germany's current account notched up a deficit of DM32.5bn, according to the federal statistics office in Wiesbaden, although visible trade was just in surplus by DM8bn.

Imports in September totalled DM53.4bn, an increase of 20 per cent over the same month of 1990, and exports were DM53.1bn, up just 0.9 per cent.

Compared with this August, imports were up 9.9 per cent against an export recovery of only 2.8 per cent.

Nonetheless the massive traditional German trade surplus has meant that a surge in imports for the eastern part of the country since unification has been very largely contained, on top of the extra cost of finance for the Gulf war.

But there has so far been no significant slowdown in the imports going to the east, nor any appreciable recovery of traditional German exports on to the world market, held back both by the world economic recession, and the continuing buoyant demand on the domestic market.

● The German coal industry, trade unions, electricity suppliers and the federal government yesterday held a second round of negotiations over future production and government subsidies, without getting any nearer to a conclusion.

Several thousand miners demonstrated in different parts of the Ruhr and Saarland coal producing areas, protesting against the demand of Mr Jürgen Möllemann, the economics minister, that production by the year 2005 be reduced by 70m tonnes to just 50m tonnes.

Mr Dieter Vogel, the government spokesman, said yesterday that Chancellor Helmut Kohl was not yet ready to intervene in the apparently deadlocked negotiations and was still hoping for progress at next week's scheduled third round of talks.

However his intervention is seen as increasingly likely, given hostile relations between Mr Möllemann and the mining industry.

The minister is committed to radical cuts in government subsidies, whereas both employers and trade unionists argue that the high rate of production cuts would actually cost more in compensation payments and unemployment pay.

Meanwhile the miners themselves set fire to piles of coal in rail wagons outside their pits, intended to give a warning of what would happen "if the Ruhr goes up in flames."

The Treuhand privatisation agency in former East Germany is reported to have agreed the sale of 29 of the 33 hotels formerly operated by the state agency Interhotel, writes Quentin Peel in Bonn.

According to Die Welt, the conservative daily newspaper, the winning bid, worth DM2.8bn (£963m), came from Sixt AG, the Munich-based car hire company. However, a Treuhand official expressed doubt about the report yesterday because a final decision could only be taken by the governing board of the Treuhand, due to meet on November 22.

A worker erects scaffolding in east Berlin yesterday on a 60ft statue of Lenin. The statue is to be removed by Saturday, the second anniversary of the falling of the Berlin Wall

West ponders value of shoring up Soviet centre

By Ian Davidson in Paris, David Marsh in London, George Graham in Washington and Quentin Peel in Bonn

ALL THE main western industrialised countries are making efforts to shore up the crumbling centre of the Soviet Union. But some are trying harder than others.

As the west weighs the benefits of dealing with the beleaguered central Soviet authorities, as opposed to the increasingly independent individual republics, differences are opening up among western countries on striking the right balance.

France places the greatest weight, in public at least, on shoring up the central authorities in Moscow. One reason behind Mr Mitterrand's worries is that four of the Soviet republics – Russia, Belorussia, Ukraine and Kazakhstan – have nuclear weapons on their territories. He fears that disintegration heightens the dangers of conflict.

Security concerns are also apparent in President George Bush's preference for dealing with Mr Gorbachev. But he does not want to alienate the leaders of the republics, especially President Boris Yeltsin of Russia.

Germany seems to be guided more by hopes of trade than fears of war.

Until recently, Germany was as concerned as any to bolster the Soviet centre, and President Gorbachev in particular, because of the dire consequences of disintegration for debt repayment, disarmament, and control of nuclear weapons.

In the past month, however, Mr Hans-Dietrich Genscher, the foreign minister, appears to have come round to the view that the union is exhausted, and that direct relations with the republics are inevitable.

Britain wants to maintain a pragmatic mix of contacts with the centre and the republics.

The UK pulled off a minor coup last week with the visit to Britain of Mr Nursultan Nazarbayev, president of the mineral-rich republic of Kazakhstan in central Asia. It was the republic's first large-scale mission to build trade and economic ties to Europe.

Germany is well ahead of most of its western partners in establishing direct contacts with disparate parts of the Soviet Union, thanks to its historical contacts, its trade, and its inheritance from the former east Germany.

In contrast with this Germanic flurry of activity, France's policies appear static. Mr Mitterrand's anxiety about instability in the Soviet Union has been a constant theme of French foreign policy.

When Mr Yeltsin visited France in April this year, he was ostentatiously cold-shouldered by Mr Mitterrand, who barely agreed to see him for a few minutes.

The French president has since invited Mr Yeltsin to pay an official visit to France, but the Elysée still hopes Mr Gorbachev will maintain his authority.

The big question is whether there will be anything left to preside over.

The Ukrainian parliament yesterday set in train the phased takeover of Soviet military units in the republic by authorising the creation of a national guard based on present interior ministry troops and approving the transfer of the Border Guard force to Ukrainian control, writes Chrystia Freeland in Kiev.

Unlike other independence-minded republics which have created parallel military structures, the Ukraine is taking over forces formerly controlled by the centre.

Greece fails to meet 1991 budget targets

By Kerin Hope in Athens

GREECE has failed by a wide margin to meet budgetary targets for 1991, the first year of a three-year economic stabilisation programme agreed in return for an Ecu2.2bn ($2.61bn) loan from its European Community partners.

The economy ministry yesterday gave details of a report by European Commission officials monitoring Greece's economic performance which predicted a budget shortfall of Dr680bn (£2.09bn).

If an extra Dr250bn in deferred interest payments is added in accordance with EC practice, the 1991 central government deficit is forecast to reach a record Dr2,900bn, or 23.2 per cent of GDP.

Under the terms of the EC loan, Greece was committed to cutting the deficit to 16.6 per cent of GDP in 1991 and to 3 per cent by 1993 so that it can participate in the second stage of European economic and monetary union.

But the government failed to curb spending overruns by state corporations, and also delayed implementing both an ambitious privatisation programme and a crackdown on tax evasion. According to the Commission's report, tax revenues were forecast to increase by 26.6 per cent in 1991, well below the budget forecast of 34.1 per cent.

Greek developers' hopes rest on shaky foundations

Kerin Hope on the myriad of difficulties facing property companies in the Athens area and beyond

THE furore over the Greek government's plan to sell 35 small Aegean islands illustrates one of many pitfalls facing the Athens-based property developer.

If popular outcry over pieces of barren, uninhabited rock is so great, what will happen when a golf course is proposed for a stretch of grazing land or a luxury bungalow complex on a favourite island beach?

Things are almost as contentious in an urban setting. Few developers bother to sound out the different owners of an ageing building in central Athens, ripe for rebuilding or conversion into offices.

They look for sites in the suburbs instead, although the number of suitable plots is limited.

"Good quality office space is at a premium in Athens because most buildings were developed privately by small contractors together with householders," says Mr Elias Prentzas of Clive Lewis International.

A phenomenal rise in Greek land and property values over the the past 20 years outstripped any other form of investment.

Undeveloped beachfront sites on an island, unsaleable until an airport was built, can fetch over Dr8m ($40,000) a "stremma," a 1,000-square metre area.

In Athens, property prices in business districts range from Dr200,000 to Dr450,000 ($1,070-$2,400) a square metre.

But high building densities, lack of parking space and zoning irregularities – a garage workshop can occupy the ground floor of an office block – mean that many buildings fail to meet the requirements of international companies looking to buy rather than rent a local headquarters.

Because of tight banking restrictions, credit was rarely available for property purchases or development. Consequently contractors offered site owners a percentage of the new building in return for the plot, then pre-sold more space to raise funds.

Banking deregulation over the past five years, together with a new law permitting financial institutions or entrepreneurs to develop sites of over 100 "stremmata" opens up a range of new possibilities.

"In a city of almost five million with new construction going on all the time, there are no shoping malls or busines parks and very few housing projects," says Mr Harry Antonopoulos of Lambert Smith Hampton, the UK property company. "This is going to change, regardless of the problems."

But the obstacles are not likely to disappear quickly. No development strategy has been worked out for Athens and the surrounding Attica district, where 4.5m of Greece's 10m population lives, though successive governments argue over zoning, green spaces and a new road network.

Greece has no land registry and prospective sellers cannot always produce title deeds.

Most large landholdings in Attica belong to the Greek Orthodox Church, the agriculture ministry and quasi-state organisations, which lack resources for development but are reluctant to put anything up for sale.

For the moment, commercial development is focused on building large supermarkets around the Athens suburbs, where imported expertise will soon increase competition.

Asko, the German supermarket chain, is building a site near Athens airport in a joint venture with Shelman, a Greek timber processing company.

The project is close to a new supermarket opened earlier this year by A-B Vassilopoulos, Greece's leading supermarket chain. It is the country's biggest to date, with 5,500 square metres of sales space.

Its interior cannot be faulted, but what international developers consider the fatal flaw in Greek development thinking is all too evident.

Half-an-hour after it opens, frustrated customers are driving round in circles looking for a free parking space.

Brussels told to produce HDTV scheme

By Andrew Hill in Brussels

EC MINISTERS yesterday rebuked the European Commission for the continuing delay in producing a firm strategy for the development of European high-definition television.

The ministers have asked Mr Filippo Maria Pandolfi, the beleaguered EC telecommunications commissioner, to produce an amended strategy, broadly agreed by the European parliament and feuding industry groups, for their next meeting on December 5.

The Commission has already tabled a draft HDTV directive, currently being discussed in the European parliament. This draft would impose a single standard, called D2-Mac, for all new satellite broadcasts, as an intermediate step towards a full high-definition television standard, HD-Mac.

But Mr Pandolfi has come under fire from broadcasters and satellite operators, who do not want standards imposed which would hamper the development of existing services transmitted using a different norm. On the other hand, electronics manufacturers, who have invested heavily in D2-Mac technology, are seeking a more restrictive approach.

A permissive strategy was supported in yesterday's meeting by the UK, Luxembourg, Denmark, Spain and the Irish Republic.

Mr John Redwood, the UK trade minister, claimed other member states were generally sympathetic to such a strategy. He said ministers had also cast doubt on the need for EC subsidies of Ecu1bn ($1.21bn) over five years to back up the Commission strategy.

Mr Pandolfi now intends to produce a letter of intent, which would reconcile the differences of commercial interest groups, by the next full session of the parliament in mid-November.

A directive would then be adopted and submitted to telecommunications ministers on December 5. Finally, a legally-binding memorandum of understanding, setting out the strategy, would be agreed by industry.

● Telecommunications ministers have agreed that from January 1 1993, international calls dialled from any EC country will be prefixed by the same "00" access code. At the moment only six EC member states use the 00 international prefix.

Italy ceases to be a soft touch for immigrants

This year's mass influx from Albania has forced Rome to take tougher action, writes **Robert Graham**

A YOUNG Albanian, unshaven and bedraggled, waits patiently by the huge portal of a religious order on the Aventine Hill in Rome. In halting Italian he asks through an entryphone for something to eat. There is a pause, then a loud scrape of metal as an iron box tray projects from the wall. The young man mumbles thanks and grabs a litre carton of milk which has been cut at the top and filled with pasta.

He eats greedily with his fingers as he walks to join a companion on a nearby bench. "Without the Church I would have starved," he says.

He managed to leave Albania in March in the first mass exodus, which brought some 24,000 Albanians in Italy. "I was lucky they let me stay; but I didn't like where they sent me in the south."

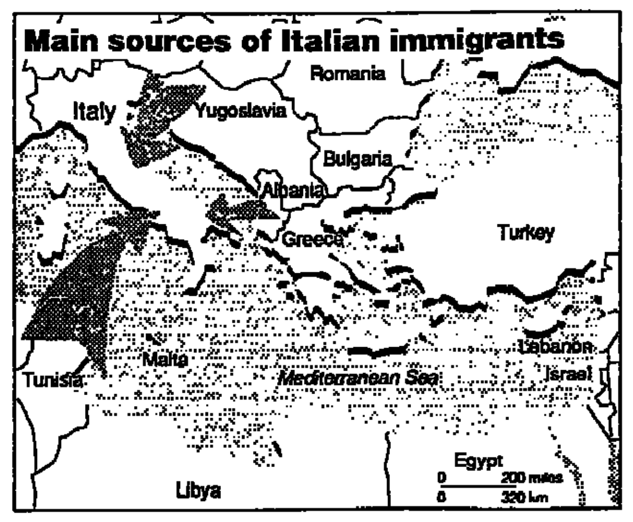
He was "distributed" to Puglia as part of the government's scheme to spread the burden of absorbing the refugees. He found no work and feared being forcibly repatriated so he came to try his luck in Rome.

Immigration Ministry officials say about 1,600 Albanians from the March influx have moved from where they were first resettled, while only 9,000 have found work.

Tighter controls at the borders, closer scrutiny of work permits and the slowdown in the Italian economy had reduced the flow of Third World immigrants this year. But these considerations were irrelevant in the Albanian exoduses to Italian ports this year. Ministers were caught off guard by the size of the most recent one, in August. "We thought there were some 7,000 on the boats – instead we discovered 18,000," says Ms Margherita Boniver, the Socialist politician who heads the small Immigration Ministry created six months ago.

Italy was criticised for its clumsy handling of these refugees and the limited efforts to determine if they were political asylum-seekers. But its enforced repatriation of this group in August marked a watershed in immigration policy. The Andreotti government discovered to its dismay that the European Community considered Albanian refugees an Italian problem, and it was forced, arguably for the first time in recent years, to take concrete action on its own.

Not only did Italy demonstrate that it was no longer a soft touch; Rome broke new ground by establishing a large emergency aid programme worth L113bn ($89.4m) inside Albania. Since early October, 750 Italian soldiers have been distributing foodstuffs there and helping restart essential infrastructure. This is the forerunner of a substantial long-term aid programme to help stabilise the Albanian economy.



Those Albanians who succeeded in gaining entry to Italy now form the bottom layer of a 1m-strong immigrant community which, because of its relative newness, remains fairly well stratified according to jobs and nationality.

The next up are the Africans – Ghanaians, Nigerians and Cape Verde Islanders, Somalis and Senegalese. Unskilled, they survive mostly by selling bags and jewellery in the streets. Further up the scale are the North Africans, who account for 20 per cent of the 662,000 registered non-EC immigrants and a higher portion of the "illegals".

In Rome they have converted the steps of Santa Maria Maggiore, close to the main railway station, into their meeting point.

"I came over to work in the tomato harvest near Naples," says Ahmed, a 27-year-old Tunisian from Sfax. "My friends had done it before and it was easy. All yo" had to do was get the boat from Tunis to Palermo and the police didn't bother us. We were then taken by truck on a long journey across Sicily and up to near Naples. The journey cost us two weeks' wages."

When the harvest was over, he saw no reason to return home, though he was warned by the Italian overseer he could no longer be "protected". He came to Rome and did odd jobs dish-washing. He talked of moving to France but was worried by accounts of racism in France and felt he was less discriminated against in Italy.

Tunisians form the second largest immigrant community, half the number of the Moroccans, who are registered at 84,000. They find work harvesting, in the restaurant/hotel business and in small non-unionised textile/clothing companies.

In contrast, some east Europeans arriving in the past two years have been given semi-skilled positions. A few with higher technical skills have found jobs in northern industry.

"We don't know how many illegal immigrants there are in Italy," says Ms Boniver. "People are only counted in, not counted out."

A 1990 law, which obliged people to register or risk expulsion, marked the first serious attempt to control demand-led immigration, although it ducked the question of country quotas.

"We are very much aware of the spread of xenophobia in the north [of Europe] and we want to prevent it taking root here," says Ms Boniver. Since last year's outbreaks of violence against immigrants in Florence there have been no serious incidents other than the particular case of the Albanians. However, the potential remains, especially in the richer north.

The police are under orders to check more actively on immigrants. Last month Milan police carried out an operation which resulted in 700 immigrants being questioned and nearly 300 repatriated. But the Interior Ministry lacks resources for a determined repatriation policy.

Ms Boniver is pursuing the idea of granting temporary work permits, recognising that rigidities in existing labour law encourage employment of immigrants. She is also directing the bulk of her ministry's meagre budget towards the construction of hostels.

Meanwhile, the tough repatriation policy towards Albanians in August may have helped deter a potential exodus from Yugoslavia. Since September, the authorities have set in place facilities to receive 50,000 Yugoslavs, but only 120 have so far sought assistance.

Prague combs state lists for communists

By Ariane Genillard in Prague

THE authorities in Czechoslovakia will today start screening all civil servants and members of state-owned organisations under a new law directed at former Communist party officials and collaborators.

Leading politicians, including Mr Vaclav Havel, president of the federal republic, have criticised the law, which was adopted a month ago in the federal parliament under pressure from right-wing deputies.

They fear that police files are unreliable and should not be used as evidence against alleged collaborators. They are also concerned that the law will lead to a purge and will create a climate of suspicion as the country tries to strengthen its fragile democratic institutions.

Critics have also said the law presumes guilt before proof of innocence.

Government officials and state company employees, including high-ranking members of the army, have 30 days to establish with the federal Interior Ministry whether their names have appeared on files of the once-feared secret police of the former Communist regime.

Those whose names appear on the files, or who held official posts in the Communist party in the past four decades, will have 15 days to leave their jobs. An exception is made for those involved in the Prague Spring, the period of reform between January 1968 and May 1969.

The law targets all those listed in the files regardless of the causes which led to their names being recorded by the secret police.

The law is expected to have wide and unpredictable consequences for the entire public sector. Ministries, including the army and the Interior Ministry, will be brought to a halt during the screening process.

● Federal, Czech and Slovak leaders have to try to resolve their differences over the future status of the federation within the next two months following talks with Mr Havel.

Eight EC members 'ready' for Emu

By Ian Davidson in Paris

EIGHT OF the 12 members of the European Community, including Britain, should be in a position to meet the economic criteria for early movement towards economic and monetary union in Europe, according to an independent report published today.

However, Italy and possibly Spain may first need to devalue their currencies inside the European monetary system; and Italy and Greece, and to a lesser extent the Netherlands and Spain, may have to take radical fiscal action to bring down their excessive public debt to a sustainable level in relationship to gross domestic product.

These are two of the main conclusions suggested in an analysis of the prospects for economic and monetary union, in the report Setting European Community Priorities 1991-92, published by the Brussels-based Centre for European Policy Studies.

Other articles in the report survey the agenda for economic union in the Community, and assess the outlook for the development of a common European foreign policy.

In the run-up to next month's Maastricht summit, the report suggests Italy faces the most difficulties in an early move to Emu. It has suffered a serious loss of competitiveness, with an appreciation of its currency over the lifetime of the EMS in real terms by 20 per cent; it also needs to make large reductions in its budget deficits if it is to stabilise its debt-GDP ratio.

"It is clear," says the report, "that if domestic budgetary policies are not drastically changed, a realignment will be inevitable. If this is the case, the EMS has everything to gain from an early realignment."

The appreciation of the Spanish peseta has taken it to a historic peak, but the report suggests this may be partly offset by rapid increases in productivity.

Apart from Italy, Greece is the member state with the worst debt burden, but the current debt-GDP ratio is also unsustainable in the Netherlands and Spain.

After combining five of the most important economic criteria, the report suggests that five member states are already relatively well-placed for a move towards Emu – Germany, France, Netherlands, Denmark and Britain. Greece and Italy are classed as "laggards".

Setting European Priorities 1991-92; ed. by Peter Ludlow; Centre for European Policy Studies, 33 rue Ducale, Brussels. £25 or Ecu37

The Financial Times (Europe) Ltd
Published by The Financial Times (Europe) Ltd., Frankfurt Branch, Nibelungenplatz 3, 6000 Frankfurt-am-Main 1: Telephone 49 69 156850; Fax 49 69 5964481; Telex 416193. Represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, R.A.F. McClean, G.T.S. Damer, A.C. Miller, D.E.P. Palmer, London. Printer: DVM GmbH-Hürriyet International, 6078 Neu-Isenberg 4, Frankfurt. Responsible editor: Richard Lambert, Financial Times, Number One Southwark Bridge, London SE1 9HL. The Financial Times Ltd, 1991.

Registered office: Number One, Southwark Bridge, London SE1 9HL. Company incorporated under the laws of England and Wales. Chairman: D.E.P. Palmer. Main shareholders: The Financial Times Limited, The Financial News Limited. Publishing director: J. Rolley, 168 Rue de Rivoli, 75044 Paris Cedex 01. Tel: (01) 4297 0621; Fax: (01) 4297 0629. Editor: Richard Lambert. Printer: SA Nord Eclair, 15/21 Rue de Caire, 59100 Roubaix Cedex 1. ISSN: ISSN 1148-2753. Commission Paritaire No 67808D.

Financial Times (Scandinavia) Vimmelskaftet 42A, DK-1161 Copenhagen-K, Denmark. Telephone (33) 13 44 41. Fax (33) 935335.

Turkey inflates its bank notes

TURKEY, struggling with 66.5 per cent annual inflation, is to introduce a TL100,000 bank note – worth just $20, Reuter reports from Ankara.

A senior central bank official said Turks needed the new brown and green notes (bearing a portrait of Ataturk, founder of modern Turkey), which enter the banking system next Monday, to cope with the falling value of the lira.

WORLD TRADE NEWS

European cheers find little echo in Seoul

John Ridding explains why agreement to form an EEA is causing concern in Korea

THE agreement to create a European Economic Area (EEA) comprising the EC and the European Free Trade Association (Efta) may have prompted celebrations from Brussels to Berlin and from Luxembourg to Liechtenstein. But in South Korea the news has been greeted with consternation.

"We are very much concerned about the rise in the number of countries in the European trade group," says Mr Yu Deuk Hwan, assistant minister for trade policy. His fear, also heard in the boardrooms of Korea's large business groups, is that Korean exporters, faced with the need to diversify from traditional markets in the US, will find penetration of a growing European grouping harder.

Perhaps more important, Seoul's concerns highlight the lack of progress made by the world's 12th largest trading nation in preparing for the creation of the world's largest single market. On the face of it, Seoul's reaction to formation of the EEA may seem surprising. After all, Efta has traditionally been a relatively small market for Korea's exporters, receiving only $1.6bn (£930m)-worth of Korean products last year, against $8.4bn sold in the EC, and total exports of $65bn.

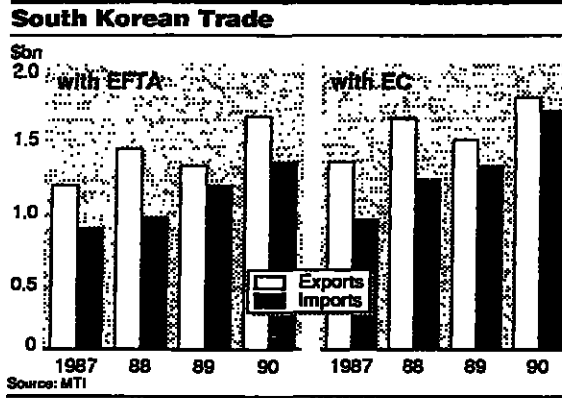
The economic stimulus of the enlarged grouping and the easing of cross-border controls within the EEA would also seem to represent an opportunity rather than an obstacle for Korean traders, and Korean officials accept that there will be benefits. "The creation of the EEA will provide a big common market offering the same standards and rules, and it might give us a good opportunity to export," says a report just issued by the ministry of trade and industry.

But in the minds of Korean government and business leaders, such advantages are outweighed by concerns. Though bilateral trade relations with the EC have improved after last month's accord on protecting intellectual property rights, Korean officials believe the EC is creating increased barriers to Korean exporters and expansion of the EC's free trade area will extend the remit of such barriers.

"The creation of the EEA doesn't have much impact of itself," says a report by the Economic Planning Board, the top economics ministry. "But it may be seen as the first step to creating a pan-European economic power." The government is especially worried about the possible inclusion of east European countries, target of a big Korean sales push.

Korean businessmen also express these worries. "It is becoming more difficult to do business in the EC," says an executive of Samsung Electronics, one of Korea's biggest companies. He cites the imposition of anti-dumping duties on Korean compact-disc players and colour TVs, and continuing investigations involving car radios and video-cassette recorders.

South Korean Trade



Source: MTI

The formation of such a large grouping is also seen as creating an imbalance in bargaining power. "The EC's negotiating strength will increase even further," says a trade ministry official. "It will be 19 countries talking to just one." EC officials reject such worries and explain Korea's reaction in terms of a lack of understanding of the EC and a lack of preparation to do business there. "The Koreans have not studied very closely the philosophy and working of the EC," says Mr Gilles Anouil, head of the EC delegation in Seoul. "When you don't know something, you are afraid."

While they accept that anti-dumping cases are on the increase, EC officials deny charges of protectionism. "If they didn't dump they wouldn't have to pay duties," says one. He adds that European manufacturers, facing tougher competition, are quicker to file complaints. Also, Korean business groups have fallen behind competitors in making inroads into the European market. While direct investment by Japanese companies has grown to $41bn, Korean counterparts have spent just $131m on setting up operations there.

"They are still thinking that you can just load manufactured goods onto ships and send them to market," says Mr Anouil. "But nowadays, you should have a presence in your market to provide service and maintenance, and obtain knowledge of consumer patterns."

On this, the Korean government agrees. "We are trying to encourage industry to diversify into the European market and invest there," says Mr Yu. Korean business groups are responding. "We are aware of the need to increase investment and are looking at setting up factories in eastern Germany," says an executive at Samsung Electronics. Hyundai, Daewoo and Lucky-Goldstar, the other three of Korea's four largest conglomerates, say they plan to expand their presence in Europe.

Concerns over EC expansion are likely to speed this process. But there is a limit to the rate of growth. Capital shortages are cited as restricting new investment projects. "Investment in our different markets is the most important element for our survival in the world market," says Mr Yu. "But our large trade deficit means we don't have the capital to provide much support for new projects."

Democrats introduce 'Super 301 with teeth'

HOUSE Democrats yesterday offered tough trade legislation, aimed mainly at Japan, as a hoped-for antidote to the economic ills buffeting the US, Nancy Dunne writes from Washington.

Mr Richard Gephardt, House majority leader, and Congressman Sandor Levin introduced a new "Super 301 with teeth" designed to force the White House to act against countries with protectionist practices and big trade surpluses with the US. "For years we have been trying to get Japan and other countries to be more like us, to play by our rules," he said. "If they aren't going to play by our rules, we've got to be willing to play by theirs."

Mr Levin predicted Congress would pass the legislation in response to a "sea change" in a US electorate consumed with anxiety over the economy. "The American public is running out of patience," he said. "They can expect their public officials to respond."

A similar measure has been introduced in the Senate by Senator Max Baucus. To guard against a presidential veto of his bill, Senator Baucus has threatened to attach it to legislation implementing any Uruguay Round Agreement.

EC-US farm talks leave several big issues outstanding

By William Dullforce in Geneva

EC-US talks on world farm trade reform "showed some good developments" last week, but several big differences remain, trade diplomats in Geneva say.

EC and US negotiators were reporting home yesterday after a round of talks led by Mr Richard Crowder, US agriculture under-secretary, and Mr Guy Legras, EC agriculture director-general. The talks started in Washington last Monday, switched to Brussels mid-week and ended in London, attended by Japanese and Australian officials. Australia leads the Cairns Group of 14 farm-exporting nations.

Diplomats found evidence the EC and US were now genuinely working for a deal on agriculture, to unblock the Gatt Uruguay Round where other trade-liberalising accords are held hostage. But the assessments being made yesterday in Brussels, Washington, Tokyo and Canberra were presenting "hard choices", one diplomat said. In London, the Japanese should have got the message that insisting on having rice exempted from import liberalisation did not fit in with other countries' readiness to work for a deal.

Mrs Carla Hills, US trade representative, was reported to have begun sounding out congressional and farm leaders on the talks' preliminary results, indicating some progress towards compromise on ways of cutting trade-distorting farm subsidies. Instead of the situation before trade ministers met last December, when the farm deadlock nearly derailed the Gatt round, the EC and US were working on the basis of having to strike a deal, one official said.

One problem concerns safeguard measures governments may be able to apply against disruptive surges in imports once all import barriers are converted into tariffs. The US and Cairns Group are reluctant to accept any mechanism that would prolong the EC's system of variable levies and double-pricing. Another issue concerns the method for cutting export subsidies.

In principle, all countries have agreed the need for separate cuts in domestic farm supports, border protection and export subsidies. Negotiators are understood to have adopted the EC proposal for a five-year programme of cuts in all three areas, followed by a review leading to a second five-year programme. Mr Arthur Dunkel, Gatt director-general, has called a meeting of the trade negotiations committee, the Uruguay Round's governing body, for Thursday, to report on the seven areas into which the talks have been divided, and suggest how obstacles can be removed by this month-end.

THE EC's Dutch presidency, President George Bush and the European Commission should use Saturday's EC-US summit to try to resolve problems in the Uruguay Round, EC trade ministers said yesterday, Andrew Hill reports from Brussels. They urged the Commission to make "effective use" of the Hague summit to narrow the gap between the US and the EC in key areas. But Mrs Yvonne van Rooy, Dutch foreign trade minister, said that EC flexibility, expressed, for example, in France's new willingness to talk about farm reform, should be matched by US concessions. A Commission spokesman repeated the EC wish that unilateral US trade weapons be dropped.

OECD states agree clamp on tied aid

LEADING industrialised countries have agreed to clamp down on the abuse of aid to tempt developing countries to buy western goods and services, William Dawkins reports from Paris.

Senior export credit officials from the members of the Organisation of Economic Co-operation and Development (OECD) have agreed in Paris to ban aid for projects in middle-income countries that would be viable if funded by normal commercial loans. The accord settles a two-year negotiation in which the US and Canada had accused other OECD members of using aid to buy market share in developing economies.

The new curbs apply only to middle-income countries such as Mexico or Brazil. Least-developed countries, defined as those with GNP of less than $2,465 (£1,433) a head last year, would still be allowed to receive so-called tied aid. But donor countries must prove such projects in poor countries could not be financed otherwise, and must notify the OECD that this is so.

If ratified by OECD governments, as expected, the ban will run from mid-December. This builds on an OECD accord to curb the use of interest-rate subsidies on export credits to middle-income countries, coinciding with another OECD study into improving aid use.

East Europe 'three' link for Brussels talks

POLAND, Czechoslovakia and Hungary have co-ordinated trade policy ahead of hoped-for final talks on EC association treaties in Brussels this week, Christopher Bobinski reports from Warsaw.

The Poles, after the recent election boosted the protectionist lobby in parliament, are under pressure to negotiate a satisfactory pact. Success could see the three initialling an accord on November 15 and signing documents a month later.

Their chief trade negotiators recently agreed to press the EC to lift all textile import quotas within five years, fixing a timetable for the moves. They will press the EC to ease import curbs on other products by 20 per cent a year, and want safeguard clauses.

C and W Soviet deal

CABLE and Wireless of the UK has signed agreements for joint ventures with Soviet partners to set up and run international telecoms systems, it said yesterday, agencies report. Phone, facsimile and data services will start up early next year in Nakhodka and Sakhalin, both free economic zones in the Soviet Far East. The services are aimed at banks, consulates and hotels.

ADVERTISEMENT

Backing the winners

The Rugby World Cup proved a sporting triumph, and the support of Ricoh, a world leader in office automation equipment, was a major factor in its success

AUSTRALIA'S thrilling victory over England in the final of the Rugby World Cup Tournament at Twickenham, London, last Saturday was watched by hundreds of millions of fans throughout the world. Yet the success of the Rugby World Cup had already been assured: unprecedented interest was shown in the tournament by the international press and television, not to mention the enthusiasm of rugby's many devoted followers across the globe.

The success of every major sporting event, however, depends to an extraordinary degree on organisation, technological expertise and financial support, particularly from large corporate sponsors. And in the world of corporate sponsorship, few companies have done so much, over such a long period of time, than Ricoh, the global leader in office automation.

Ricoh was a major sponsor of the Rugby World Cup, supplying all the copying and facsimile machines used at the tournament's media centres. And the company is also the Official Olympic Facsimile Network Sponsor for next year's Olympic Games in Albertville and Barcelona.

Over the years Ricoh has also been an enthusiastic and generous backer of the Tour de France, *the supreme sporting* event for the world's cycling fraternity, and has provided strong support for numerous community activities in the many countries in which Ricoh operates.

As an international group employing 44,500 people in 127 subsidiaries, eight research institutes and 24 modern production subsidiaries, Ricoh takes its obligation to the wider community very seriously. Sponsorship on a world scale is seen as one important way of showing this commitment. Ricoh's support for the 1991 Rugby World Cup programme, according to Mr Susumu Ichioka, Managing Director of Ricoh UK, "fully complements our sponsorship programme."

As well as contributing a substantial cash contribution to the rugby series, Ricoh has supplied and serviced all copying and facsimile machines being used at the media centres at *each of the 19 venues throughout* the United Kingdom, Ireland and France for use by more than 4,000 media representatives.

At the heart of the action: Ricoh's sponsorship helped the Rugby World Cup grab the attention of millions

At the height of the tournament, Ricoh was moving equipment from match to match across each of the countries involved – more than 400 machine movements in all were carried out up to the final match.

The chosen machines included the FT5590 Copier with its extremely fast copy speed, the FT3320, which comes with a high reputation for reliability, and the durable, multi-featured Facsimile 80 and 85.

Rugby World Cup's Allan Callan warmly welcomes Ricoh's support: "We are delighted that one of the world's leading multi-nationals is a sponsor of Rugby World Cup 1991 and we appreciate their valuable contribution to this event."

For a company which has determinedly developed its European activities in the last decade, Ricoh's exposure at the Rugby World Cup can only help raise its growing profile in *Europe. As Mr Susumu Ichioka* says: "We selected the Rugby World Cup as an excellent vehicle for increasing the *awareness of our name and* products within our target audience."

Within Europe this target audience has grown rapidly in the last decade as Ricoh has expanded.

Established in Europe in 1963, Ricoh Europe BV today has its headquarters in Amstelveen in the Netherlands from which it looks after its seven sales subsidiaries and two production subsidiaries – one at Telford in England's West Midlands and the other at Colmar in France. With 2,400 people already employed in Europe, Ricoh Europe will see further expansion in employment when a new thermal paper plant opens at Colmar next spring.

The heightened awareness of Ricoh following the Rugby World Cup will be a forerunner to the attention certain to surround the Winter Olympic Games in Albertville, France early next year and the Summer Olympics in Barcelona, Spain.

For Ricoh has successfully completed the world first Olympic Facsimile Network. The network, which is now fully operational, links the International Olympic Committee (IOC) in Lausanne, Switzerland with the Olympic Family around the globe. This involves all 165 National Olympic Committees, 89 IOC members and 33 International (sports) Federations.

The challenge of building the world's first such fax network has involved members of the Ricoh Family in complicated coordination *around the world.* Mr Hidesato Okashita, General Manager of the International Marketing Division, who has overall responsibility for the programme in the 160-plus countries involved estimates that as many as 30 users saw a fax machine for the first time when *Ricoh set up their fax facilities.* The impact of fax in such countries will therefore be felt long after the 1992 Olympic Games are over.

Ricoh is regularly receiving positive feedback from the many members of the Olympic Family already using Ricoh's facsimile machines.

The network is already handling hundreds of messages a day demonstrating the speed and convenience in communicating among peoples

Ricoh UK Ltd managing director Susumu Ichioka (left) with Nick Farr-Jones, captain of the victorious Australians, and Yoshiharu Moriya, chairman of Ricoh Europe BV

of different backgrounds and languages around the world. A few examples give a glimpse *of the universality of the fax* revolution.

Of the Official Fax Network, Mr T.A.G. Sithole, president of the Zimbabwe Olympic Committee, says: "It is invaluable. It more than meets our expectations."

This view is echoed from the other side of the world where Guam's Monica Okada declares: "Since receiving the Ricoh fax machine, we have been able to devote one machine for outgoing transmissions." Iran's Bahram *Afsharzadeh appreciates the fact* that "texts and other documents can be sent by fax on an urgent basis." American Samoa's Joseph Toloa'i Ho Ching puts it most simply of all: "A facsimile is the fastest way of communication."

At a formal ceremony in Tokyo in late August to mark the completion of the network, IOC President H.E. Juan Antonio Samaranch, whose idea it was to have a fax network for the 1992 Olympics, paid tribute to the work done so far.

To an audience which included Ricoh President Hiroshi Hamada *and Michael Payne, marketing* director of the IOC, President Samaranch said: "Ricoh has made a truly invaluable contribution to the Olympic Movement – a legacy that I am *sure will serve us well for many* years to come."

Mr Samaranch then sent letters announcing the completion of the network to each of the 151 countries linked via the Official Fax Network. By using the broadcasting function of Ricoh's 7000 L digital fax, the IOC President was able to transmit all the messages at the same time.

As well as building and maintaining the network, Ricoh is supporting many related activities by, for example, *providing fax machines to assist* official proceedings at the 96th and 97th International Olympic Committee sessions in Tokyo in 1990 and Birmingham this year.

A further sign of Ricoh's commitment to the international sporting world emerged with the company's support for this summer's Third IAAF World Championships in Athletics in Tokyo which featured the participation of some 2500 athletes from 186 nations, making the event one of the world's most important athletic competitions.

Ricoh's sponsorship is no "flash in the pan." The group's involvement with the Olympic Movement, for example, goes back to the Los Angeles Olympics in 1984. In Europe, Ricoh has sponsored the world-renowned Tour de France for the past five years. During the 78th Tour de France, which started in Lyon in early July this year and ended three weeks – and almost 4,000 *kilometres – later in Paris, every* one of the 198 cyclists wore the Ricoh backnumber.

Some 400,000 copies of results and overall rankings were provided by Ricoh copier *machines to the 700 journalists* covering the event which appeared live on television in most countries in Europe and many others throughout the world.

While global events like the Olympics or the Rugby World Cup understandably capture the headlines, Ricoh has been increasingly participating in smaller, but significant, sponsorships at the local community level.

For example, Ricoh UK Products Ltd at Telford has been active in supporting local activities such as the historic industrial museum at Ironbridge, birthplace of the Industrial Revolution, and the new Telford Athletic Track.

Ricoh Industrie France SA has participated in a number of ventures including the restoration of the beautiful Old Customs House in the centre of historic Colmar.

Sponsorship, at any level, is *not a quick way into a market* nor an easy way to make your company's name known. Indeed, only a company which is supremely confident of the excellence of its products can *possibly risk sponsorship in a* big way, for the bigger the event which a company sponsors, the greater the pressure on the sponsoring company to show that its goods and services are *worthy of the event.*

Like the World Rugby stars or the Olympic athletes, Ricoh is also in the spotlight with its products having Grand Slams and Gold medals to win.

Ricoh has shown over the years that it can match its sponsorship with performance and its commitment has begun to pay off as the Ricoh name becomes increasingly recognised as a symbol of reliability and quality on the world's business scene.

A STARRING ROLE IN GENEVA

Ricoh's next generation fax – the machine the company calls "Tomorrow's facsimile today" – took pride of place at Ricoh's stand at Telecom 91, the nine-day international exposition on telecommunications held in Geneva last month.

The Colorfax 8000 DT generated a great deal of interest among thousands of visitors who came from all over the world to see the latest telecommunication advances on display at what is popularly called the "world's fair of telecommunications".

Not yet on sale, the Colorfax 8000 DT combines extraordinary clarity of reproduction with accurate colour and impressive speed. Incoming data can be checked on a monitor so that the 8000 DT will only print out when the quality is absolutely right.

Also on show was the new Ricoh FM-X, a self-contained internal office fax system which is designed to reduce time, space and costs.

Almost 300,000 people attended the exposition, which is held every four years. Telecom 91 provided a unique opportunity for telecommunications experts and the man in the street alike to catch up with what is happening in an industry with an estimated turnover of $500bn.

Apart from the new products on display Ricoh showed its wide range of faxes, including the Ricoh Fax PF-1, which is entered in the *Guinness Book of Records* as the world's smallest facsimile machine.

Ricoh's Mr Shozo Kudo, General Manager, Product Planning, noticed one extra bonus at this year's exposition. The company's role as Official Worldwide Olympic Sponsor has proved "an enormous help" in attracting visitors, and potential buyers, to the stand.

RICOH

Ricoh Europe B.V. Groenelaan 3, P.O. Box 114, 1180AC, Amstelveen, Holland (31) 20-5474111 Ricoh Europe B.V. Belgium Branch Weiveldlaan 41, Gebouw A 1930 Zaventem, Belgium (32) 2-7209782 Ricoh Europe B.V. Düsseldorf Branch Hansa Allee 201, 4000 Düsseldorf 11, Germany (49) 211-52850 Ricoh Europe B.V. East Europe Representative Office Generali Centre House A, Mariahilfer Strasse 77-79, A-1060, Vienna, Austria (43) 222-5862595 Ricoh Deutschland GmbH Mergenthaler Allee 38-40, 6236 Eschborn, Germany (49) 6196-9060 Ricoh España S.A. Guitard 45, 08014 Barcelona, Spain (34) 3-4900960 Ricoh France S.A. 192, Avenue Charles de Gaulle, 92200 Neuilly-sur-Seine, Paris, France (33) 1-47454510 Ricoh Industrie France S.A. 144, Route de Rouffach, 68920 Wettolsheim, France (33) 89-415757 Ricoh Italia S.p.A. Viale Suzzani, 287, 20162 Milano, Italy (39) 2-6473412 Magne Ore A.S. Fyrstikkalleen 1, Etterstad 0602, Oslo 6, Norway (47) 2-685080 Ricoh Office Systems Nederland B.V. Heliumweg 16, Postbus 868, 3800AW Amersfoort, Holland (31) 33-670811 Ricoh UK Ltd. Ricoh House, 1 Plane Tree Crescent, Feltham, Middlesex TW13 7HG, U.K. (44) 81-7516611 Ricoh UK Products Ltd Priorslee, Telford, Shropshire TF2 9NS, U.K. (44) 952-290090.

INTERNATIONAL NEWS

India sees signs of recovery as inflation falls

By David Housego in New Delhi

THE Indian government's tough economic stabilisation measures seem to have borne fruit, with clear signs emerging that inflation is now on a downward trend.

According to figures published yesterday, the year-on-year inflation rate had fallen to 13.4 per cent in mid-October from a high in early September of 15.7 per cent. The rate, as measured by the wholesale price index, had flattened out for some weeks before dipping.

The drop in the rate marks a considerable success for Mr Manmohan Singh, the finance minister, who has consistently maintained that inflation would come down in October in response to the government's tight monetary policies. The prime commercial bank lending rate has been lifted to 20 per cent. Some economists, by contrast, had predicted that spiralling inflation in the wake of the 20 per cent devaluation of the rupee in July posed the main threat to the success of the restructuring programme.

But though rising prices have damaged the government politically, they have not brought the substantial public sector wage increases which had been feared. However, the extent of the political damage to the government will emerge from the results of by-elections to be held on November 16. In advance of these, the government has refrained from passing on some administered price increases, notably in coal.

The good news on the prices front has come at the same time as a sharp rise in the foreign exchange reserves from a low of Rs23bn (£523m) in June to Rs60bn. Much of the increase comes from fresh borrowing that the government has arranged through the multilateral institutions – but this has given it more leeway in managing the balance of payments and enabled it to redeem $400m (£232m) of gold pledged abroad this year to raise short-term funds.

The main worry remains the still poor export performance. Exports declined in dollar terms by 7.8 per cent in the first five months of the current financial year (April-August). This was compensated for by an even sharper 15.3 per cent decline in imports, resulting in a 45 per cent decline in the trade deficit compared with the same period last year, to $1bn.

But imports have been artificially held down by the emergency restrictions that have been in force and will rebound once they are removed and investment resumes.

Manila welcome for Imelda Marcos

By Our Foreign Staff

MRS Imelda Marcos, widow of the late Philippines dictator, Ferdinand Marcos, arrived to a tumultuous welcome in Manila yesterday, clutching a rosary and promising national reconciliation six years after she and her husband were driven into exile.

More than 10,000 Filipinos lined the roads, waving flags and chanting "Imelda, we love you".

Mrs Marcos denied that she had any political agenda but when asked if she would be a political kingmaker, she said: "When the people speak, Imelda listens."

Vice-President Salvador Laurel said she would unite the opposition before next May's elections. Mr Laurel, who is politically estranged from President Corazon Aquino, is planning to run for president on the Nacionalista ticket and sources say he is hoping for Mrs Marcos' support.

Analysts say Mrs Marcos is also considering standing for president. Mrs Aquino had earlier ruled out a second term but is said to be reconsidering.

The scenes of welcome for Mrs Marcos are expected to be repeated in the next few days as she tours the provinces while she waits to be arrested on charges of corruption and tax evasion.

She is formally accused of 70 counts of tax evasion and corruption, but government officials have said they will wait for 48 hours before serving an arrest warrant. Mr Antonio Coronel, her lawyer, is expected to post bail amounting to just a few thousand dollars.

If Mrs Marcos is not put on trial by December, the Swiss government will unfreeze assets in its banks and return them to her. Her return allowed the Philippines government to agree to drop two civil suits against her in the US in return for the valuables and cash the Marcoses took into exile in 1986 that were confiscated in Hawaii.

Some of the 1,500 Vietnamese at Hong Kong's Whitehead detention centre for boat people who demonstrated yesterday in protest against planned forced repatriation

Malaysia ignores the economic doomsters

By Lim Siong Hoon in Kuala Lumpur

WHEN THE Malaysian government pledged, in its 1992 budget last week, to continue with rather than retreat from its fast-track growth strategy, it made the brave assumptions that prices would remain stable and resources adequately available.

Gross domestic product next year, it calculates, would hence grow in real terms at the present annual rate of about 8.5 per cent; consumer prices would rise by no more than the official level of 5 per cent.

Interest rates, after having risen by about 2 percentage points this year to 9 per cent, are expected to stabilise at this level although, during the past year, growth in investment outpaced savings by almost sixfold.

Full employment, as defined by its 5.6 per cent unemployment rate, was also proclaimed.

Based on these forecasts, the government sees no urgency in dealing with the country's widening current account deficit and rising inflation – something which surprises many analysts and economists. Until the budget announcement, they had thought that tough, if not bold, fiscal and monetary measures would have been inevitable.

The Malaysian economy is already straining after four years of GDP real growth rates of between almost 9 and 10 per cent.

Merchandise trade would reverse into a deficit for 1991, the first time in nine years, according to official forecast. Next year, it is expected to deteriorate further, the deficit almost doubling to nearly M$4bn (£850m).

As a result, too, the current account deficit is worsening just as quickly, turning from a M$5bn surplus in 1988 to a projected deficit of M$12bn, or nearly 10 per cent of 1991 GNP. This latest projection is up three-fold from the earlier official forecast of M$4bn; next year, it is expected to touch M$14bn.

One consequence has been a relative decline in the country's international reserves, which at M$28bn this year are sufficient to finance 3.2 months of imports, compared with 4.1 months last year and 5.3 in 1988.

Thus, local media attention and stock market talk in recent months had been playing on many of the effects of these pressures. They argued for the need to curb consumer credit and impose higher, or new, taxes to curtail double-digit domestic demand growth.

Yet few, if any, of the provisions in the budget are expected to help slow economic growth, which analysts think would be needed if there is to be relief from higher prices, and shortages in labour, domestic savings and other supplies.

"It is a budget that never was," commented one analyst.

Moreover, next year's federal government expenditures would be raised by 18 per cent to M$45bn with a M$7bn budget deficit, the equivalent of 5.4 per cent of GNP, compared with 4.9 per cent last year. Half of new capital expenditures would go into infrastructure and agriculture; civil servants would get a pay rise.

The government's confidence that the economy is sufficiently resilient hinges on a number of assumptions, as well as on its own powers of persuasion and the legal instruments available to it, such as price controls to deal with inflation.

It assumed that exports would pick up when world trade rebounds next year as the global economy, particularly in the industrialised countries, is expected to grow by 3 per cent.

While conceding that the current account deficit is large, Mr Anwar Ibrahim, the finance minister, argued that it was merely temporary rather than structural. GDP growth in recent years had been the fastest and longest in Malaysia's economic history, he said, and was, therefore, a testament to workable and sound policies.

The statement, in his maiden budget speech, was also a tribute to Mr Daim Zainuddin, his predecessor. But Mr Anwar, who assumed the job seven months ago, is a fast-rising politician faced with the unpleasant task of unravelling the economic consequences of years of a fast-track growth strategy. In dismissing those consequences, he has at least resolved a political dilemma.

West divided on pace of renewed ties with China

High-level German and US visits to Beijing will test allied policy unity, writes Our Foreign Staff

CHINA'S foreign ministry defines the present state of relations as "fully restored" with Japan, "basically restored" with western Europe, but "not fully restored" with the US.

A ministry official said in Beijing last week that China would not like to see the present state of Sino-US relations continue. His hopes were given substance on Sunday night when Mr James Baker, the US secretary of state, announced from Madrid that he would be paying a visit later this month.

Mr Baker will be the most senior American to visit China since the bloody suppression of the pro-democracy movement in Beijing in June 1989. His visit is being seen as a big diplomatic coup for China which for many months has been fielding attacks by Congress on its human rights record, its alleged export of prison-made goods, abuse of international copyright and intellectual property rights, and proliferating sales of arms and weapons technology.

The Chinese foreign ministry's assessment reflects differences within the west, both of emphasis and speed, over restoring full links. Mr Jürgen Möllemann, the German economics minister, is due to arrive today at the head of a delegation comprising both government officials and business executives in a visit which is expected to concentrate on economic co-operation.

"The political situation between China and Germany is very much the same as the one between China and the US," a German business executive said. "The government would like to promote German-Chinese relations, but the German parliament, like the US Congress, is more concerned with human rights. [Chancellor Helmut] Kohl and the government would like to re-establish ties as before."

The high point of Chinese contacts with the industrialised world since Tiananmen was the visit this summer by Mr John Major, the British prime minister, following that of Japan's Mr Toshiki Kaifu. Mr Major's mission was reciprocated late last month by a low-key visit to the UK late last month by Zou Jiahua, a Chinese vice-premier.

The Major trip, made in order to sign the accord on the 1997 handover of Hong Kong, also appeared to be instrumental in securing the release and return to Hong Kong the following week of one pro-democracy activist. But Zou, in answer to questions put by the Financial Times, made clear his government would still brook no interference on human rights within China and remained unmoved by the overthrow of communism in the former East bloc – both of which issues he designated in the usual Chinese phrase as "internal affairs".

Britain's relations with China have long been given a particular twist by the position of Hong Kong. Indeed, fears about Beijing's intentions to wield an ever greater say in its administration before the resumption of Chinese sovereignty are unlikely to be fully allayed by Zou's insistence on an "intensification of Sino-British consultation and co-operation on major matters straddling 1997". He stressed, however, that this would be undertaken within the framework of the joint declaration on the future of the territory.

Zou, appointed earlier this year with a reputation as a hardliner, was similarly unyielding on wider economic issues. "There exist no trade barriers in China," he said.

Zou Jiahua

With the US Congress attempting to make China's Most Favoured Nation trade status conditional on a positive response to its complaints, congressional critics point to the growing trade deficit with China, accusing Beijing of dumping goods, of circumventing quotas and erecting barriers to the entry of US goods into its markets.

The White House holds that China is too important and too big to ignore, with its considerable influence in the region and immense economic potential.

The US administration does, however, acknowledge the problems, among them human rights abuses, China's trade surpluses – pushing out to an expected $15bn this year from some $10.4bn – and Beijing's sales of arms abroad. Most recently the US press has reported American officials who believe Beijing is helping Iran acquire nuclear equipment which could be used for military purposes. China denies the charge.

The accusations from Washington come at an awkward time for China as it tries to convince the rest of the world of its willingness to co-operate in reducing the proliferation of conventional and nuclear weapons. In August it announced its intention to sign the Nuclear Non-Proliferation Treaty, though it has yet to do so. Sino-US relations dipped again when China threatened the US that it would have no role in its market of 1.1bn consumers if Congress won its fight to attach human rights and other conditions to MFN renewal.

Mr Möllemann is expected to focus on Germany's growing trade deficit with China. Although Germany's DM3.7bn (£1.27bn) deficit is not as severe as that of the US, Bonn does face problems similar to those which have become such a sore point between Washington and Beijing.

Like the Americans, the Germans are grappling with obstacles to imports such as customs restrictions, quotas, and licensing regulations.

German companies also believe their sales have been hard-hit in China not only by market barriers but also by their own Government's domestic soft-loan policy.

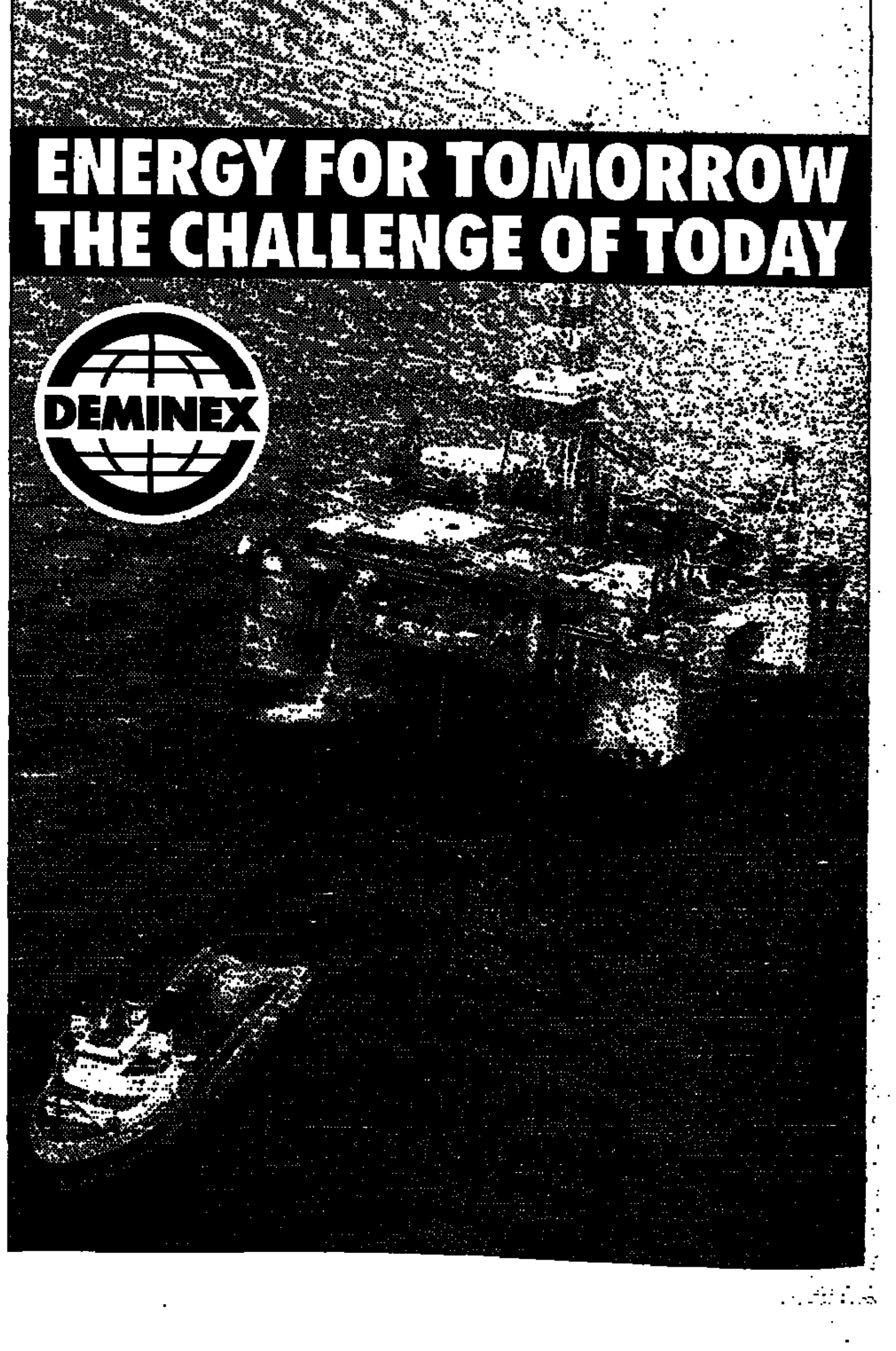
Following the Chinese suppression of the pro-democracy movement, Bonn closely tied its development aid to humanitarian needs, environmental protection, irrigation projects and agriculture.

Bonn does not officially support telecommunications development or approve the use of soft loans for more sophisticated industrial projects.

One German exporter has complained that, because of German parliamentary policy on soft loans after the Chinese political crackdown, it recently lost the opportunity to help develop China's telephone switching capacity.

At a recent joint meeting between European Commission representatives and the Chinese ministry of foreign economic relations and trade (Mofert) in Beijing, Mr Frans Andriessen, vice-chairman of the Commission, said the present was a time for discussion, not for confrontation or unilateral action. The Commission agreed to establish working groups to investigate and discuss the obstacles to free trade in China and propose solutions.

The limits to this from China's point of view were outlined last week by vice-premier Zou who, at the same time as denying the existence of trade barriers, rejected any idea of completely open markets, saying: "We can't spend large amounts of foreign exchange to import those things which we can already produce ourselves."



INTERNATIONAL NEWS

First line of Mideast diplomatic defences broken down

Old regional taboos have been overcome but the key to peace remains elusive, write Hugh Carnegy and Tony Walker

HE WAS way behind schedule, he had spent 14 tortuous hours sorting out yet another Arab-Israeli wrangle and he faced a long night flight home. But Mr James Baker, the US secretary of state and consummate master of ceremonies at the Middle East peace conference, was well satisfied.

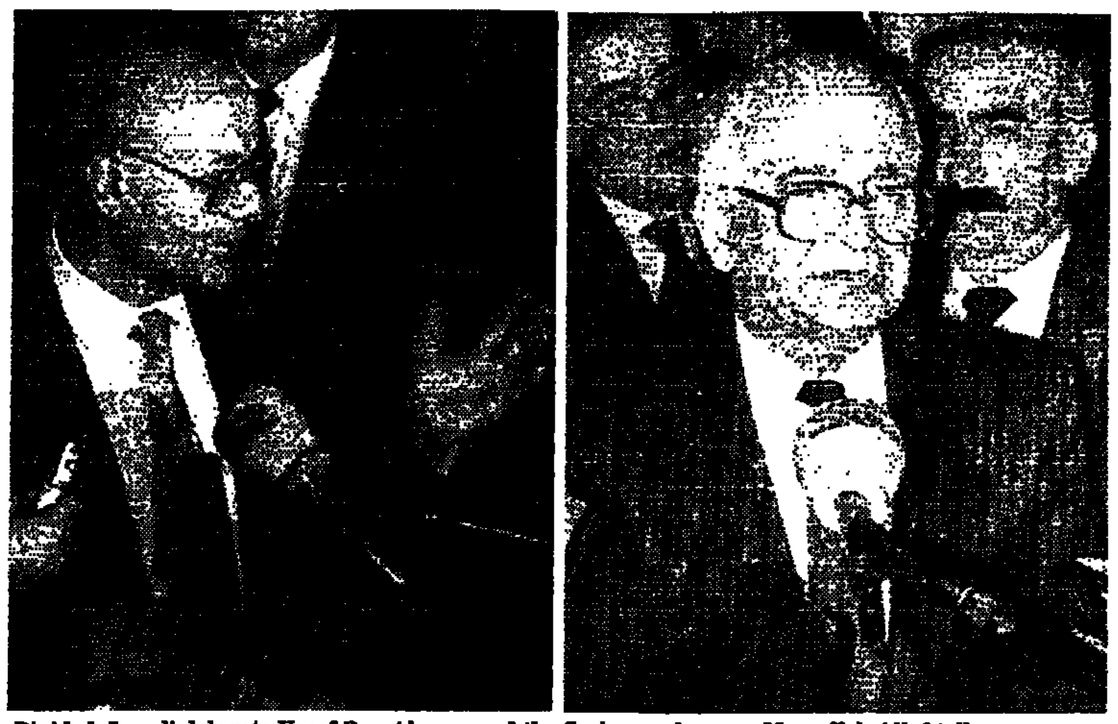
None of the rancour and procedural bickering which had marred events in Madrid should obscure the central achievement, he told a closing press conference.

Syria, Jordan, Lebanon and the Palestinians had met Israel not just in a symbolic ceremonial gathering, but had actually gone on to talk peace in bilateral meetings for the first time.

The word historic was heavily overworked in Madrid, but it was hard to argue with Mr Baker that the events were indeed that, a breakthrough which cracked old taboos in the Middle East. In ambition at least, they surpassed even the peace made by Israel and Egypt in 1979.

Mr Binyamin Netanyahu, the voluble Israeli deputy foreign minister, reflected that his country had sought such a thing since its creation in 1948: "Israel is now surrounded by a ring of talks. We hope it will replace the circle of guns."

But as the various delegations began to head home yesterday, the question remained whether the high diplomatic theatre will translate into real accomplishments. As one delegate present at five hours of fruitless talks between Israel and Syria on Sunday night said: "We disagreed politely but completely on everything."



Divided: Israeli delegate Yosef Ben-Aharon and the Syrian spokesman Muwaffak Allaf tell reporters of their delegations' frustrations at separate press conferences yesterday

Mr Baker himself would make no promises about the outcome of the process that he had set in motion. "There can't be any guarantees," he said. "This is the Middle East."

On the credit side sits the very fact that the conference took place. The US and Soviet co-sponsors had to shove the Syrians and Lebanese into the second phase bilateral talks under furious protest, but they succeeded, completing the ambitious agenda they had set.

Most significantly, the direct talks between Israel and a joint Jordanian-Palestinian delegation went off well. Ignoring the objections of Syria, the Jordanians and Palestinians got straight down to business, agreeing to move on to substantive talks with Israel within two to three weeks.

By this alone, Mr Baker had achieved what he failed to pull off in 1989 when Mr Yitzhak Shamir, the Israeli prime minister, baulked at entering Israeli-Palestinian talks.

There are entries on the debit side. No place or date has been agreed for the continuation of any of the bilateral talks. Although Israel, Jordan and the Palestinians seem likely to reach agreement on this soon, a resumption of the Israeli-Syrian and Israeli-Lebanese talks will require much behind-the-scenes cajoling by the US.

Beyond that, the multilateral phase of the negotiations, originally due to begin on November 14, are almost bound to slip. Syria is strongly resisting starting such talks – meant to take up regional issues such as arms control, water, and economic co-operation – until it has made progress on its key demand that Israel withdraw from the occupied West Bank, Gaza Strip, east Jerusalem and the Golan Heights.

Where, then, does the opportunity for progress lie?

Clearly the best hope is in the triangular Israeli-Jordanian-Palestinian talks. As these will deal with the core issue of the West Bank and Gaza Strip, any advance towards an agreement could give momentum to the wider process.

The key factor that may generate progress is the changed attitude of the Palestinians. After 24 years of occupation in the West Bank and Gaza, and 19 years before that of living with the trauma of Israel's creation, the Palestinian mainstream has accepted that it cannot reach the goal of independence in one leap.

Those leading the Palestinians in the talks openly admit that they have no choice now but to take the limited self-rule on offer from the Israelis and hope to build on it later. Ironically, it is the very strategy by which the Zionist movement *achieved the establishment* of the Jewish state.

One of the Israeli negotiating team said yesterday that figures such as Dr Haidar Abdul-Shafi, the leader of the Palestinian delegation, and Mrs Hanan Ashrawi, the group's spokeswoman, constituted "a very intelligent political independence movement" who were now skilfully playing their limited political hand.

However, the way forward to an agreement is far from clear. The Palestinians want Jewish settlement in the West Bank and Gaza halted; Israel refuses. The two sides have vastly different views on the scope of self-rule. Israel continues to insist that it will not concede Palestinian sovereignty in the West Bank and Gaza when final status talks start three years after an interim settlement.

Another difficulty is whether progress can occur between Israel and Jordan and Israel and the Palestinians without movement between Israel and Syria. The Israeli side has real doubts, reinforced by the rhetorical exchanges in Madrid, about whether Syria is ready for rapprochement with the Jewish state. If it is not, it can exert great pressure on Jordan and the Palestinians not to go forward.

Mr Shamir, who has always insisted that any agreement with the Palestinians must be matched by peace accords with Syria and other Arab states, may also be reluctant to give autonomy to the West Bank and Gaza, without receiving something in return on other fronts.

The optimistic view, on the other hand, sees the makings of a deal between Israel and Syria. Israel has dropped hints that it may be ready to consider formal acceptance of Syrian *sovereignty over the Golan* Heights, which it occupied in 1967 and later annexed, in return for US-backed security measures.

That would undoubtedly unlock the door to a regional peace that has been bolted four decades. In Madrid, the warring neighbours gathered at the threshold for the first time. The challenge now is to find the key.

Israel sets up Golan settlement

By Judy Maltz
in Jerusalem

BARELY 12 hours after concluding a first round of peace talks with Syria in Madrid, Israel opened a new settlement on the disputed Golan Heights.

Hardline members of Mr Yitzhak Shamir's government attending the ceremony used the opportunity to launch bitter criticism of Syria, from which Israel captured the Golan Heights in 1967.

The settlement, named Kela, was formerly the site of a kibbutz and will be inhabited by Soviet Jewish immigrants who arrived in Israel last month.

Speaking at the inauguration ceremony, Mr Ariel Sharon, the housing minister, noted with scorn how Mr Farouq al-Sharaa, the Syrian foreign minister, had attacked Mr Shamir during a speech delivered at the peace conference.

"And who did this?" Mr Sharon asked. "The representative of a country that is unmatched in cruelty, the representative of a murderous dictatorship that destroyed one of the ancient cities of the world, *Hama, and buried under its* ruins at least 30,000 men, woman and children."

Mr Yuval Ne'eman, the energy minister, said that like Germany, the Arabs must renounce their claim to lands lost during war. "This is the only concession that can bring peace," he said.

Israeli shells again fall on south Lebanon

ISRAEL and its militia allies shelled parts of south Lebanon yesterday but firing was much lighter than last week, Reuter reports from Tyre, Lebanon.

Security officials said Israeli and "South Lebanon Army" (SLA) gunners fired about 30 artillery shells into the Nabatiyeh area, a springboard for guerrilla raids on Israeli targets, on Sunday night and yesterday. In eastern Lebanon's Bekaa valley, about 17 mortar bombs hit the villages of Khabrikha and Touline, just outside Israel's self-proclaimed security zone in the south. "Despite some shelling, the general atmosphere throughout the south is one of cautious calm," said one security official.

Last week, Israeli troops and the SLA fired hundreds of artillery and mortar shells into villages held by the pro-Iranian Hizbollah (Party of God) for five consecutive days. The pounding eased on Sunday.

● Mr Yassir Arafat, the PLO leader, said the Middle East conference had been very positive so far and he expected it would continue smoothly with the help of the US, Reuter reports from Washington.

Interviewed on NBC television from PLO headquarters in Tunis, Mr Arafat reiterated his confidence in the delegation which represented the Palestinians and their preference that further bilateral talks with Israel take place in Washington, Moscow or an Arab capital. "We consider it has been going in a very positive way till now. We hope this will continue at the next stage."

Jordan wants Palestinians to return home

JORDAN said yesterday it would insist that more than 500,000 Palestinians who have lived in the kingdom since the 1967 Middle East war would return to the West Bank as part of any peace deal, Reuter reports from Amman.

The kingdom, home to nearly 1m Palestinian refugees from two Arab-Israeli wars, also pledged to press for compensation for itself and those Palestinians who had lost property during the creation of Israel in 1948.

Mr Adel Irsheid, head of the foreign ministry's Palestinian affairs department, said the fate of 960,212 Palestinians registered with the United Nations as being in Jordan would be tackled during the third phase of peace talks which will also cover other regional matters such as arms control and water rights.

"Regarding those who became displaced in 1967, Jordan will insist that they return to the West Bank to join the new political situation that will emerge there at the end of the peace talks," said Mr Irsheid, Jordan's top refugee official.

The UN figure includes 430,083 official refugees who fled their homes in areas on which the Jewish state was created in 1948. The rest, those who came to Jordan during the 1967 war when the West Bank was under Jordanian rule, are registered as displaced.

"Jordan will depend on UN resolution 194 in dealing with the refugees of 1948," Mr Irsheid said. Resolution 194, passed in 1948, says Palestinians anywhere have the right to return or be compensated for lost property.

Armed police replace Zambia's copper chiefs

ARMED paramilitary police yesterday searched the head office of Zambia's state copper monopoly and are reported to have helped a new manager take over, AP reports from Lusaka.

The raid was dramatic evidence that President Frederick Chiluba plans to install a new order following his election victory over Dr Kenneth Kaunda, who led Zambia to independence from Britain in 1964.

The police barred workers from going in or out of the opulent copper-plated high-rise building for nearly three hours, preventing them from removing piles of documents that might offer a clue to alleged embezzlement.

The paramilitary, previously loyal to Mr Kaunda, searched offices of Zambia Consolidated Copper Mines (ZCCM) chief executive, Mr Francis Kaunda (no relation to former head of state) and other managers.

One of his closest advisers, Mr Emmanuel Hachipuka, said the paramilitary police also helped install Mr Edward Shamutete, former general manager of one of the mines, to replace Mr Francis Kaunda.

Mr Dunstan Chapema, ZCCM spokesman, confirmed the raid, but said Mr Shamutete had made no formal announcement that he was taking over.

Ex-President Kaunda on Thursday lost Zambia's first multi-party elections since 1968. Mr Chiluba, a 48-year-old trade union leader, has vowed to stamp out corruption, restore efficient management and privatise 80 per cent of the loss-making industries that were nationalised.

Mr Chiluba and his Movement for Multi-Party Democracy last week captured more than four-fifths of the popular vote, securing 126 of the 150 parliamentary seats against 23 for Mr Kaunda's United National Independence Party.

Cameroon's reform spurned

CAMEROON'S prime minister, Mr Sadou Hayatou, yesterday rejected opposition demands that a meeting on electoral procedure should be broadened into a national conference on democratic reforms, Reuter reports from Yaounde.

He also dismissed a call for the meeting of 200 representatives from 48 parties, which opened on Wednesday, to be granted powers to enforce any decisions it might make.

The only concession Mr Hayatou made was to permit five co-chairmen to join him in running the discussions.

President Paul Biya, who legalised opposition parties this year, has opposed a national democratic conference despite five months of strikes and civil disobedience.

● In Niger, to the north of Cameroon, a national conference ended with President Ali Saibou, stripped of most powers, warning that murderous feuds and rebellions could wreck the country.

CONTRACTS & TENDERS

PROPOSED PRIVATISATION OF ASPROFOS S.A.

As part of the Greek Government's privatisation programme, HELLENIC ASPROPYRGOS REFINERY (HAR) is proposing to offer for sale its 100% holding in ASPROFOS S.A. HAR has appointed Bank of America (BofA) and National Investment Bank for Industrial Development (ETEBA) as its joint financial advisors for this transaction.

ASPROFOS was established in 1983 as a joint venture between HAR and Foster Wheeler Italiana (FWI) with initial goal the improvement and upgrading of the installations of the ASPROPYRGOS REFINERY.

Today ASPROFOS is the largest Greek engineering company; it provides a wide spectrum of services such as feasibility studies for industrial projects, basic and detailed engineering, project management and construction supervision, procurement of equipment and materials etc, specializing in petroleum, chemicals, natural gas and other related industrial sectors.

The clients of ASPROFOS and HAR, Public Gas Corporation of Greece S.A. (DEPA), the Thessaloniki Refinery & Chemical Plants of EKO S.A. as well as other Greek and foreign industrial groups and companies.

Financial data of ASPROFOS for the last five years are shown below.

(amounts in million GRD)

	1986	1987	1988	1989	1990
Revenues *	584	657	968	1,203	1,229
Net Profit	82	118	177	134	191
Net worth	150	181	254	315	438

** Revenues deriving from reimbursable expenses are not included.*

Parties interested in participating in the offering programme are invited to express their interest in writing directly to ETEBA or to BofA no later than November 15, 1991 at one of the following addresses:

BANK OF AMERICA INTERNATIONAL LTD
M&A Department
1, Alie Street
London E1 8DE U.K.
Tel: 071-634 4582
FAX: 071-634 4983

BANK OF AMERICA ATHENS
Corporate Finance Dept.
39, Panepistimiou Str.
105 64 Athens, Greece
Tel: (01) 3251901-11
FAX: (01) 324 1937

NATIONAL INVESTMENT BANK FOR INDUSTRIAL DEVELOPMENT S.A.
M & A Department
14, Amalias Ave,
102 36 Athens, Greece
Tel: (01) 3223385
FAX: (01) 3296393

HAR reserves the right, at its absolute discretion, to conduct either directly or indirectly through its financial advisors or third parties, any enquiry that they may judge appropriate regarding the financial and business capability of any party expressing interest, as well as not to allow any party to participate in the offering programme.

Those parties that will be invited to participate in the offering programme will be required to sign a Confidentiality Agreement before they are provided with information regarding ASPROFOS and the offering procedures..

November 2, 1991

AMERICAN NEWS

Unrest on island of tranquillity

Canute James explains why Barbados has turned against its premier

FOR many decades an isle of stability in an often turbulent Caribbean, Barbados is being buffeted by angry public reaction to austerity imposed by the government to meet conditions for assistance from the International Monetary Fund.

A general strike called yesterday is the latest in a series of public demonstrations by trade unions and the business community against the policies of Mr Erskine Sandiford, the prime minister. Mr Sandiford, who kept office in elections 10 months ago, is being told by the political opposition and the unions that he should resign.

Mr Sandiford says the economic measures are necessary to support the economy, and that the alternative – a currency devaluation – will do more harm than good. He says the changes his critics want cannot be made because of the agreement with the IMF. Under the pact, Barbados is to have access to $58.1m from the IMF over the next 18 months.

Barbados is not used to such economic pain. The performance of the island's economy, which is based on tourism and sugar, had provided a stable base from which the 250,000 people of the island had looked on, bemused, at the problems which overtook their neighbours such as Jamaica, Trinidad and Tobago, and Guyana.

It is the recent failure of sugar and tourism which has brought pressure to the economy, leading to the current political problems. The sugar industry has failed to meet production targets for the past few years, and this year's harvest was the lowest in 60 years. The industry has run out of money and has been temporarily shut down.

The number of tourists visiting the island last year was 6.3 per cent less than 1989, and arrivals in the first quarter of this year fell 10.2 per cent. The economy contracted 3.5 per cent last year and by 1.5 per cent in the first quarter of this year.

In order to repay a Japanese loan of Y4.3bn ($33m), which was due last month, the government is selling its stake in the island's telecommunications companies.

In seeking assistance from the IMF, the administration was faced with the choice of severe cuts in public expenditure and a devaluation of the traditionally strong Barbadian dollar.

Declaring that Barbados was "experiencing a serious economic crisis," Mr Sandiford eschewed devaluation and instead cut the budget, reduced public sector wages and imposed new taxes.

The general strike was called after unions failed to get the government to restore severance pay and unemployment benefits to previous levels. The protests were first supported by the island's business sector, which took part in last month's street demonstrations. But business leaders have withdrawn their support for the general strike, saying the issue is becoming party political.

"It is regretted that more time could not have been given to arrive at a satisfactory solution without resorting to further industrial action," said a joint statement of the Chamber of Commerce, the Manufacturers' Association, the Employers' Confederation, the Hotel Association, Agricultural Society and the sugar industry. The statement said the private sector bodies regarded the general strike as escalation of the industrial action into a political protest.

For their part, the political opposition, which has attacked the prime minister's handling of the economy, has not presented an alternative programme. Economists in Barbados have suggested that there are very few options for any administration.

The developments in Barbados are being viewed with concern by its neighbours. The island, one of the more important members of the Caribbean Economic Community, is a big market for its community partners.

If Mr Sandiford's administration were forced into a currency devaluation, this could have a domino effect on neighbouring economies, and also put pressure on the strong Eastern Caribbean dollar.

Erskine Sandiford: paying for his country's economic pain

New Argentine army supremo pledges reform

By John Barham in Buenos Aires

GENERAL Martín Balza was sworn in yesterday as Argentina's eighth army chief in as many years, promising to carry out sweeping reform of a force which has resisted all significant change since relinquishing power to politicians in 1983.

Gen Martín Bonnet, the outgoing army commander, was forced to resign last week after Mr Erman González, defence minister, rejected his draft list of promotions. Analysts say this was only a pretext to replace Gen Bonnet.

The new commander faces two challenges. First, he must restore morale and discipline in an army demoralised by shrinking budgets and the loss of its political role. This has generated unrest which has boiled over into four mutinies since 1987.

Second, Gen Balza must restructure the force by privatising its extensive industrial holdings, valued at $5bn (£2.9bn), and reforming its command structure. The Argentine army is top-heavy, with 6,000 officers in charge of only 24,000 non-commissioned officers and 13,000 conscript soldiers.

Furthermore, 80 per cent of the $2bn-$2.4bn military budget is spent on wages and military pensions.

However, analysts criticise the government for not imposing a clear defence policy, despite its recent good links with the military. Reform-minded soldiers and civilians would like to see a smaller, more professional force with a strong rapid-deployment capability.

Gen Balza, formerly army second-in-command, is seen as a tough but pragmatic soldier widely respected by his colleagues and committed to democratic rule. He fought with distinction in the 1982 Falklands conflict with Britain and in December last year played a decisive role in ending a one-day mutiny by army rebels.

Both sides blamed for Lima mass killing

MASKED men shot and killed 15 people at a barbecue in central Lima, the government said yesterday, AP reports from Lima. Peruvian authorities blamed the attack on Maoist rebels, but others suspected it was carried out by right-wing paramilitary squads.

It was one of the worst mass slayings in Lima in more than a decade, an official said. Fourteen people, including a nine-year-old boy, were killed at the scene. A woman died early yesterday in hospital and two other victims were in a critical condition.

The victims were largely migrants from the mountainous Ayacucho department who had come to Lima to escape the guerrilla war.

Authorities suspect the attack late on Sunday was carried out by Shining Path rebels, the Interior Ministry said. The group first took up arms against the government in Ayacucho in 1980.

But analysts noted that the Shining Path rarely uses silencers, as the assailants did, and witnesses said the attackers used cars similar to vehicles used by right-wing paramilitary forces.

Newspaper reports, quoting witnesses, speculated the gunmen could have belonged to groups opposed to the Shining Path.

Lima's main daily newspaper, El Comercio, reported that the gunmen fled in vehicles with roof lights like those police use. Paramilitary groups also have used silencers in their assassinations.

The attack came days after the departure of a delegation from the Organisation of American States, which was in Peru for a week to examine Peru's human rights record.

More than 23,000 people have died in violence since the Shining Path began its attacks.

Mexican trade gap 'no bar to fixing peso'

THE Mexican government does not see the country's trade deficit standing in the way of fixing the peso to the dollar, although no decision on linkage has been made, a senior Finance Ministry official said in London yesterday, writes Stephen Fidler, Latin America Editor.

Mr Angel Gurria, under-secretary for international financial affairs at the Finance Ministry, said the government was "not worried the trade deficit will act as a constraint" against fixing the peso.

The peso is currently devalued at a 5 per cent annual rate against the US dollar. Fixing it would help in the battle against inflation, which Mr Gurria said the government wanted to bring down to single digits next year, from a rate exceeding 16 per cent.

Mr Gurria – heading a delegation of about 100 Mexican officials, bankers and businessmen visiting Britain this week – told a conference the decision on the peso would be made nearer to the budget in mid-January. The trade and current account deficits were not of concern while they were being financed by capital inflows that did not create debt.

Mexico's trade deficit widened to $3.75bn (£2.18bn) in the year to August. This reflects a surge in imports, up 26.6 per cent against the same period last year. However, this is not deterring capital inflows: Mexico's foreign exchange reserves have risen to a record $16.7bn.

While fixing the peso would help in the inflation fight, it would also push up the price of Mexican goods abroad, making it hard for Mexican companies to export. If the exchange rate failed to hold, it could also damage confidence in the Mexican economy.

CBI CONFERENCE

Lilley rejects calls to champion UK industry

By Michael Cassell

MR PETER LILLEY, trade and industry secretary, yesterday said the government would march "hand in hand with business" but rejected proposals by the Confederation of British Industry (CBI) to make his department a more effective champion of manufacturing industry.

With a general election approaching, efforts were made at the CBI annual conference in Bournemouth to minimise splits between ministers and the employers' organisation.

But despite repeated expressions of common ground, it became clear that some differences still exist.

Mr Lilley, however, won support from his audience by pledging the government would not support a treaty on European economic and monetary union at Maastricht unless the terms were right.

Rejecting suggestions that the Department of Trade and Industry was ineffective in standing up for manufacturers, Mr Lilley said he intended to "bang the drum for industry".

He told CBI delegates: "I am the ears of government listening to business up and down the country and the voice of industry within government."

Ashley Ashwood

Peter Lilley, yesterday: CBI plan is "very secondary"

But after his speech, Mr Lilley made it clear he will pursue the CBI plan to separate the DTI's regulatory and promotional activities.

He said the plan formed a "very secondary" element of the CBI's overall strategy for industry. He said a separate regulatory body would impose "heavy handed" regulation on business.

Employers concerned at EC directives

INDUSTRY is becoming increasingly concerned that the single European market will be undermined by the uneven enforcement of EC directives, according to a debate on the future of Europe, Charles Leadbeater writes.

The conference also voiced concern at the creation of new barriers to trade and a growth in covert government aids to business.

The CBI's differences with the government over Europe have been largely settled by Britain's entry into the exchange rate mechanism and its change of tone over European integration.

Mr Tom Hutchison, an ICI director and chair of the CBI's Europe committee, told the conference

it was vital the EC created a mechanism to ensure that directive's were enforced in a even handed way throughout the community.

A string of speakers supported moving sterling from the broad to the narrow band of fluctuation within the ERM as a precursor for the creation of a single currency. However they warned against accepting important elements of the Commission's social action programme, particularly contraints on working hours, shift working and worker representation within companies.

Industry 'needs support' to compete

By Charles Leadbeater, Industrial Editor

THE government's arms length relationship with industry will need to be overhauled in the coming decade if British businesses are to meet international competition, Sir Roland Smith, the former chairman of British Aerospace (BAe) warned the conference.

Sir Roland, in his first public speech since his forced resignation from BAe six weeks ago after a boardroom struggle, called on the government to champion British manufacturing in the way foreign governments' championed their national industries.

He was presenting a wide ranging CBI report on the future of British manufacturing, which has been the main focus of his work since leaving BAe. The report was the centre piece for a debate on government relations with industry.

Sir Roland told the conference: "No matter how efficient British manufacturing companies may be we cannot compete with countries whose governments give overt support to their industries." Manufacturers were not seeking financial handouts which differed from those provided by governments elsewhere, he said.

British policies to support exports and technology must reflect the public funding which is available to the UK's main competitors, Sir Roland said in a thinly veiled criticism of the Department of Trade and Industry.

He called on the DTI to focus more sharply upon measures to improve manufacturing competitiveness. Sir Roland said: "Manufacturing industry needs an effective DTI primarily working with industry to promote its competitiveness and promoting the trading interests of our companies at the international level."

British companies also wanted the government to provide it with the stable economic environment enjoyed by their counterparts in Germany, Sir Roland said.

Mr Robert Horton, chairman and chief executive of BP, the oil company, warned the conference against going to far in its calls on government to form a closer relationship with industry.

"By all means let us complain if we feel that government policies place us at an unnecessary disadvantage to our competitors. But let's also remember that every time we blame government policies for our own mistakes we increase the risk of losing those very economic freedoms upon which this country's prosperity depends," he said.

The debate on investment prospects was dominated by calls for higher capital allowances to encourage investment. An increase in capital allowances from 25 per cent to 40 per cent dominates the CBI's budget submission, which has already been submitted in draft form to the chancellor of the exchequer.

Government told to adopt European role

By Michael Cassell

THE British government must play a full role in the development of Europe but it would also have to work hard to end "double-standards and double-speak in Brussels", Mr John Banham, director general of the CBI, told yesterday's conference.

Mr Banham stressed that the CBI fully supported the single market and said a single currency held "absolutely no terrors" for British business.

He suggested the EC needed new powers of enforcement and a US-style general accounting office to go with them. Otherwise, the single market would "simply provide more bumph and constitute a shabby monument" to the effort which had gone into establishing it.

Mr Banham also expressed concern at the prospect of deepening EC involvement in social issues and the prospect of renewed inflation being created by legislation intended to raise standards of living.

The CBI, he said, did not want to see any extension of qualified majority voting by the Community on social policy and employers would support the government if it resisted pressure for such a move in Maastricht next month.

On the domestic front, Mr Banham said the government's economic policy mistakes had cost billions of pounds in lost output and investment. But economic progress had, nevertheless, been achieved – not least in the field of employment, with more than 1m additional job created in the private sector than in 1987.

He said, however, interest rates had to fall further and called on every government department to postpone any proposals and pay settlements which adversely affected inflation. "It is simply unacceptable that manufacturing inflation should be running at no more than 2 to 3 per cent and falling, while costs outside manufacturers' control are rising three times as fast," he added.

Dutch wholesaler to close drugs division in UK

By Paul Abrahams and Jane Fuller

MEDICOPHARMA, the Dutch pharmaceuticals wholesaler, has closed its UK operation and is selling assets to AAH, one of the dominant forces in the UK market.

The move coincides with a Monopolies and Mergers Commission investigation of competition issues in the distribution of prescription drugs.

Protection of Medicopharma's position as a new entrant to the UK market was one of the factors prompting the inquiry.

It is already looking at takeover bids for Macarthy, the pharmaceuticals retailer and distributor, from UniChem, which like AAH has between 25 and 30 per cent of the prescription drugs wholesale market, and from Lloyds Chemists.

It may also have to consider AAH's deal with Medicopharma. The Office of Fair Trading has said it will look at the asset purchases because they could "create a merger situation", although AAH insisted that this was not the case.

The Dutch group said it believed the OFT would object to the subsidiaries being sold as on-going businesses, so it discontinued operations before selling the assets.

AAH is buying Medicopharma's stock and taking over three warehouses.

In considering bids for Macarthy, the pharmaceuticals retailer and distributor, the OFT seemed to welcome Medicopharma's presence as a healthy counterweight to AAH and UniChem in the wholesaling of prescription drugs.

Medicopharma had built up a share of nearly 10 per cent.

When Medicopharma bought Macarthy's drug wholesaling business for about £19m in August 1990, a five-year agreement was struck for Medicopharma to supply prescription drugs to Macarthy's chain of 175 Savory & Moore chemists' shops.

The Dutch group said it was quitting the British market after McKesson, the US wholesaler which owns 10 per cent of Medicopharma, decided to pull out of a proposed joint venture to wholesale drugs in the UK.

Agreement reached on pay bargaining

By David Goodhart, Labour Editor

THE CBI has reluctantly agreed to support an enormous extension of collective bargaining over social and employment matters proposed by the European Commission.

The European employers body, UNICE, to which the CBI is affiliated, reached agreement last week with the European Trades Union Congress (ETUC) on a proposal allowing "social partners" to amend Commission directives.

The ETUC hopes this will make it easier for sceptical governments, especially the British, to accept an extension of majority voting on social and employment issues. This is one of the most contentious issues at the forthcoming EC conference in Maastricht.

The ETUC, and some UNICE affiliates, argue that if employers are integrated into the European policy-making process it is far less likely that expensive and job-killing proposals will become legislation, as Britain fears if it loses its veto on social policy.

Mr David Lea, assistant general-secretary of the British TUC, said: "This is easily the most important agreement ever reached between UNICE and the ETUC."

Unions and employers are already indirectly involved in some EC social legislation where directives or regulations specify that exemptions can be accepted only where the "social partners" agree.

In the new plan, the Commission would present its proposals to unions and employers who would then "negotiate" over their content and, within nine months, present a recommendation to the Commission. The amended proposals would then go to the Council of Ministers where majority voting would apply.

Building societies confirm merger talks

By David Barchard

TOWN & COUNTRY Building Society yesterday confirmed that it has begun merger talks with Woolwich, the fourth largest society in the UK.

The move follows last week's decision by the Building Society Commission, the industry watchdog, to send a team of accountants into Town & Country to investigate losses on its mortgage lending.

In a statement issued to customers at all its 78 branches, Town & Country said yesterday that it was in an extremely strong financial position, and its reserves were among the highest of any top 20 building society.

"However in view of possible investor concerns arising from recent press comments, the board of directors has taken a policy decision to seek a merger with another leading building society," the society said.

The Woolwich board is due to meet today to consider the proposals for the merger which will restore it to third place in the building society league table.

It emerged yesterday that, before the Building Societies Commission intervened, Town & Country had held exploratory talks about a possible friendly takeover by Bank of Ireland.

Plans for a takeover – which would have been the first of its sort – were abandoned because of the legal and practical difficulties involved.

Editorial Comment and background, Page 18

UK NEWS

Tory right-wing issues warnings on EC policy

By Philip Stephens, Political Editor

MR JOHN MAJOR yesterday faced renewed warnings from the right of the Conservative party over European integration, as ministers underlined their implacable opposition to the imposition of the EC's social charter.

Amid further jostling for influence by the different factions in the Tory party in the approach to the Maastricht summit, Mr Nigel Lawson, a former chancellor, warned that economic and political union would threaten the resurgence of nationalism in EC states.

By contrast, a group of about a dozen backbench Conservative MPs yesterday urged the prime minister to take the initiative in the debate over Europe.

Mr Norman Tebbit stepped up his public opposition to the deal being negotiated by Mr Major on a single currency. The former party chairman said that the erosion of national sovereignty involved in the creation of a single currency risked turning healthy patriotism into the dangerous nationalism which spawned German Nazism.

While Mr Lawson said that Mr Major was right to accept a treaty on monetary union if it included an "opt out" clause for Britain, Mr Tebbit argued the prime minister should reject any deal.

Mr Lawson said that opponents of federalism should reserve their "shot and shell" for the treaty on political union sought by Britain's partners.

Their comments came as ministers stressed that majority voting on the social charter was as one of the key obstacles to a deal with Britain's partners at Maastricht in December.

Ministers said that a recent Cabinet-level review of the possibilities for compromise at Maastricht had concluded that the extension of Community competence into employment and trades union law was an area in which the government could not give way.

Mr Douglas Hurd, the foreign secretary, told a meeting of foreign ministers in Brussels, Britain was unlikely to accept EC-wide regulation of interior and immigration policies.

Government admits Iraq got chemicals

By Ralph Atkins

FOUR more batches of chemicals which could have been used for military purposes were exported to Iraq by UK companies prior to Saddam Hussein's invasion of Kuwait, the government has admitted in evidence to a House of Commons' committee.

At the same time, the Department of Trade and Industry has refused to reveal to the committee the identities of British companies accused of illegally exporting goods to Iraq. The department's officials are currently investigating about 10 UK companies named by the United Nations as suppliers to Iraq's nuclear, chemical and biological weapons programmes.

A DTI memorandum says the chemicals were believed at the time be for non-military uses. But their discovery is likely to embarrass Mr Peter Lilley, trade and industry secretary, who has insisted in past that chemicals exported from Britain to Iraq could not have been used in chemical warfare.

The latest details have been sent to the cross-party trade and industry select committee which is about to resume its inquiry into the export of military equipment to Iraq. It is likely to publish the DTI's memorandum soon.

Car workers unimpressed by Spanish jobs

Chris Tighe and **Jimmy Burns** find Tynesiders reluctant to start a new life in the sun

THERE was a time not so long ago when some British industrial attitudes towards Spain were summed up in the phrase 'Spanish practices' – synonymous with laziness and trickery.

However, last week the industrial heartland of the north-east confronted a Spanish practice of a most unprecedented kind.

On Thursday night, the Spanish carmaker Seat, a subsidiary of Volkswagen, placed an advertisement in the local newspaper circulating in Tyne and Wear, where Japanese manufacturer Nissan has its factory, inviting applications for production management and senior engineer posts at the plant it is building at Martorell, near Barcelona.

Adios pet! trumpeted the headline in the newspaper's front-page story, breaking the news that Seat had singled out the region before any other in Europe, outside Spain, for its recruitment drive.

According to Seat's Barcelona-based director of communications, Mr Enrique Zorzano, the reaction was not long coming.

Within 24 hours Seat's distribution offices in London had been inundated with calls. Mr Zorzano said: "40 per cent of the calls were from the press, but another 60 per cent were from potential applicants interested in working for us."

Barry Loneragan: not tempted by Seat's offer

Friday was All Saints Day, a holiday in Spain. But Mr Zorzano was at his office working overtime, and in bullish mood. "Yes, we know all about the so-called Spanish practices, about how the English have their pride and the Spaniards have their fiestas. But there hasn't been a fiesta here for a long time. Here one works very much.

"We are a Spanish company with 99.9 per cent German capital. We owe the Germans the better quality of our products and the lessons of working harder. In exchange we've shown the Germans some Spanish sense of flexibility."

With its new-found carmaking skills and track record as a supplier of willing labour for ships, oil rigs and building sites, the north-east might seem a good recruiting ground for the Spanish.

But for all the sales-talk, even on a damp, very English November day it was evident it would take more than relocation expenses and Mediterranean sun to tempt most Tyne and Wear residents to a new life in Barcelona.

Job insecurity, loss of pension entitlements, the fierce Spanish heat, health problems, age and family ties were all cited as deterrents.

"My home is here, everything is here, the money here is good and it's handy," said 23-year-old Nissan worker Mr Mark Graham, summing up the feelings of many of his colleagues as they streamed out of the Sunderland plant.

Among the blue-uniformed throng was quality assurance engineer Mr Barry Loneragan, surely just the kind of man Seat wants. He views the Spanish recruitment drive as a pat on the back for Nissan quality. "Some Seat people have come and visited us and they've been impressed." But he would not be tempted away "unless it was an extraordinary amount of money".

Since Nissan chose Sunderland in 1984, its fast-expanding and very productive plant, now employing 3,000 people and currently recruiting 1,000 more, has attracted visits from intrigued competitors, including Volkswagen. It is for that reason Mr Hideaki Hirano, senior adviser to the plant's managing director Mr Ian Gibson, is angry rather than flattered at Seat's recruitment bid.

"It's a very hostile approach, very impolite; we were very generous to Volkswagen," he says." However, he doubts that transplanting a handful of poached employees would serve any purpose for Seat. "Top management is so important."

At the North of England Engineering Employers' Association, director Mr John Wilkin says Seat's action illustrates what the single market means. It is not a threat, he says, but it should be part of a two-way process – a point echoed by Mr Derek Raines, personnel manager of one of Tyneside's long-established heavy engineering companies, NEI Reyrolle. "In many respects we should be doing the same thing," he admits.

In Sunderland town centre, Vaux brewery worker Mr Lawrence Green has espoused the single market message. "We're European, we've got to swap ideas." But even if the pay were superb he would not move. "Money isn't everything." Nor would 45-year-old Mr Sidney Smart, laid off that afternoon after 15 unbroken years' work kerb-laying. "I'm too old", he says.

Jobless former postman Mr Eddie Jackson, walking with his young son and daughter, said he was actively job-hunting, but locally. For a divorcee anxious to see his children, moving to Spain was out of the question. "I'd miss the kids."

Seat's recruitment drive confirms that the north-east is now on the car industry map. But, says Mr Ron Douglas, a fitter at NEI Parsons in Newcastle upon Tyne, Nissan's arrival has also taught north-easterners just how relentless car production line work can be. That reputation, he suggests, might deter job hunters.

Self-employed Mr Ron Curry, whose company, R.S. Conveyors, installs lines at Nissan's Sunderland plant, underlines that point. No way, he says, would he apply for a job with Seat. "We install the production lines – it's more fun than working on them."

BRITAIN IN BRIEF

Smiths Crisps closes factory

Smiths Crisps, a subsidiary of Pepsico of the US, plans to close a factory and a depot near Portsmouth next March, with the loss of 350 jobs. The company blamed the closures at the south England facility on the recession and on keener competition in the snacks market.

UK to accept maternity compromise

The government has signalled its readiness to accept a Dutch compromise over a European Commission directive on improving maternity benefits due to be discussed by EC employment ministers in Brussels tomorrow.

Full agreement is not expected at that meeting but will probably come at a subsequent meeting early next month after which, as one UK official put it, "the whole British system may have to be reviewed". The Commission's maternity proposals, which would have given women 14 weeks leave on full pay, are one of half a dozen EC initiatives in the social and employment field which the UK government has been strongly resisting, often alone.

Gold reserves rise by $41m

Britain's gold and foreign currency reserves rose by an underlying $41m in October, the Treasury said. The overall level of the reserves, which includes receipts in areas such as Treasury bill sales, fell during the month from $44.6bn to $44.3bn.

Manchester tram trials

Britain's first modern tram undergoes trials in Manchester city centre, pictured above. Although increasingly widespread in Continental Europe, modern street-running tram systems have had severe difficulties in attracting government funding in the UK. Only two have so far been approved: Manchester Metrolink, due to open in February next year, and the Sheffield Supertram, due to open in 1993.

Support for renewables

The Department of Energy is expected to announce today how many renewable energy projects, such as wind and wave power, it will support this year. Offer, the electricity industry watchdog, said 205 renewable projects, ranging from wind farms to rubbish burning schemes, have been selected from 300 applications as eligible for government support.

Housing starts rise by 11%

Housebuilders started work on 11 per cent more homes during July, August and September than during the previous three months, confirming the government's view that the economy was coming out of recession Mr Michael Heseltine, environment secretary said. The department's figures showing a recovery in housing starts confused builders which report that the housing market remains deeply depressed despite cuts in mortgage interest rates.

Channel pooling delay

SEALINK Stena Line, which operates short sea routes between Britain and France, said it still wants to pool resources with its rival, P&O European Ferries - but not until next year.

It said its overriding priority was to secure its own future by completing a restructuring and rationalisation plan due to come into effect on January 1.

Ipswich retains trust status

The port of Ipswich, one of Britain's biggest cargo ports, is on a course of confrontation with the government by resolving not to privatise under the Ports Act. Instead it will seek to retain its position as one of Britain's trust ports, owned and administered by the Ipswich Port Authority - a self-governing statutory body with no shareholders.

Teachers are on the move

Teacher turnover has increased markedly in the past three years, especially in London, according to a survey 800 schools in England and Wales. The survey, carried jointly by the six teaching unions, finds that only 46 per cent of primary and 56 per cent of secondary teachers have been at their school for five years or more. Comparative education department figures for 1987/8 were: primary 56 per cent and secondary 62 per cent.

Grocery group opens stores

Gateway, the grocery chain owned by the Isoceles Investment company, is to open 14 Food discount superstores offering a full range of cut-price goods. The stores will trade seven days a week and will create 2,000 jobs.

FT LAW REPORTS

Dubai wreck removal is uninsured

THE MARE
Court of Appeal (Lord Justice Mustill, Lord Justice Mann and Lord Justice Farquharson): October 18 1991

INSTRUCTIONS from a foreign port authority to lift a wreck outside its territorial waters do not give rise to a legal "liability" for insurance purposes in that, although they are lawfully enforceable by commercial sanctions, they cannot be enforced by process of law in the courts of the foreign country.

The Court of Appeal so held when dismissing an appeal by the plaintiff, Smit Tak Offshore Services (STOS), from Mr Justice Sheen's decision that the defendant insurers, Mr J R Youell and others, were not liable to indemnify it for the cost of removing a wreck abandoned under a salvage operation to which it was not a party.

LORD JUSTICE MUSTILL said that STOS was a joint venture based in Sharjah in which Smit Tak owned a 49 per cent interest.

Smit Tak was a subsidiary of Smit Internationale, known world-wide for the provision of assistance at sea.

Another subsidiary, Smit International Curacao, had a 49 per cent interest in Smit Matsas (Hellas) Salvage & Towage, owners of the tug, Smit Matsas 2.

During the hostilities in the Arabian Gulf, Hellas maintained a salvage station in the area. Its operational centre was at STOS's offices at Sharjah.

On January 30 1988 the Panamanian vessel, Mare, was attacked by an Iranian gunboat, set on fire and abandoned by her crew.

STOS requested Smit Matsas 2 to proceed to the casualty.

On January 31 the tug was alongside and in a position to report the situation to STOS in Sharjah.

Smit Tak did not wish to engage in the salvage. Hellas decided to take it on. Smit Matsas 2 put a firefighting and pumping crew on board Mare, and started to tow her towards Dubai under a Lloyds Open Form salvage agreement between Hellas and the owners of Mare.

On February 3 Mare was listing dangerously. She was towed 12 miles offshore, away from shipping lanes and submarine pipelines. She was anchored just outside Dubai territorial waters.

Salvage operations were continued, but without avail and on February 4 the vessel sank.

Although the wreck was outside territorial waters the fact that it created an escape of oil and was a navigational hazard became a source of concern to the Dubai authorities. They began to press for its complete removal. Since neither Hellas not the shipowners were disposed to do anything, that pressure was applied to STOS, which was the only party within the jurisdiction of the port authorities.

STOS argued it was not party to the salvage operation. The Department of Ports and Customs took the view that that contention was "unacceptable in practice".

Eventually, since time had passed without any of the concerns or insurers involved expressing willingness to lift the wreck, the Department used its commercial leverage by writing to STOS on September 27 1989 formally instructing it to remove or demolish the wreck before October 15.

In the letter it said: "If you fail to comply with this instruction, this Department will not agree to any renewal of your right to operate in Dubai waters."

The strategy was successful. The letter placed STOS in a most unenviable position. The lifting of the wreck would be very expensive indeed, but the withdrawal of its trading licence in Dubai, which would lead to similar action in other Emirates, would be little short of a disaster. STOS had no choice but to give in. It lifted the wreck.

During October 1988 a 12-month insurance policy from October 1 had been entered into by Smit Internationale in the name of Smit Internationale NV and/or its subsidiary, affiliated, associated, interrelated companies, and/or the divisions of those companies. Claims were payable exclusively to Smit Internationale.

The risks covered by the policy, which was called an "Umbrella First Loss" policy, were "any liability, contractual or otherwise, including liability for loss of or damage to any property in connection with all the assured's activities anywhere in the world".

Having failed to obtain indemnification from any other source, STOS now looked to the underwriters of the umbrella policy.

The central question was whether the cost of wreck removal was a "liability" within the meaning of the policy.

STOS contended that removal of the wreck took place pursuant to an order of the Dubai government, which created a liability on STOS and/or Smit Tak, within the meaning of the umbrella policy, entitling them to recover the expense of the removal from the insurers under that policy.

Mr Justice Sheen held that STOS was not at any time under a legal liability to remove the wreck. He said the Department's letter did not create such a liability; the Department's director-general had no statutory power to make such an order, and it was not authorised by the Ruler, and that the instructions contained in the letter could not have been enforced by action in Dubai courts because they had no foundation in law.

On the present appeal Mr Brice QC for STOS did not dispute that the lifting of the wreck could not, after the letter, have been enforced by process of law, any more than it would have been beforehand; that if STOS had been unable or unwilling to lift the wreck and the Department had carried out its threat to withdraw its licence, no part of the resulting loss would have been recoverable under the policy; that if the threat had been made, by (say) a large oil company with power to penalise STOS commercially, neither the cost of lifting the wreck nor the alternative commercial loss would have been recoverable; that the ordinary meaning of "liable" in a policy of insurance was "legally liable".

Mr Brice submitted that a person was under a liability to another if that other had power to compel him to perform an act by lawful use of machinery of state, and that the same applied here, where the Department lawfully used its power to withdraw the trading licence to compel STOS to raise the wreck.

The contention was fatally flawed, because it employed "lawfully" in two different senses. First it meant "in conformity with powers enforceable in law", then "not prohibited by law". That discontinuity made the argument unsound.

The letter did no more than present STOS with an unwelcome choice – it was an invitation to remove the wreck, coupled with a statement of what the Department would do if the invitation were declined.

Both the invitation and the threatened exercise of the discretion were lawful, in the sense that the Department could issue both without overstepping the bounds of law. But they were not lawful in the sense that the law would lend its assistance to make either of them effective.

STOS was not in any ordinary sense of the word liable for the cost of removing the wreck.

Since the Ruler was the fount of laws in Dubai, if the letter had begun with: "I am directed by the Ruler to order ..." or something on the same lines, the result would have been a legal obligation to raise the wreck, and the claim under the umbrella policy would have been hard to to resist.

That might be so, but the fact was that the expert evidence established that the Ruler would never have made such a decree, creating retrospective liability in an individual case; and he did not do so.

STOS argued that "liable" had a special meaning in the context of this particular policy.

The policy should be read in context and construed without pedantry. But the fact that it was called an umbrella policy and was plainly designed to scoop up liabilities not covered by the underlying hull, war risks and P & I policies, did not mean it should be understood as giving STOS protection against all misfortunes not insured elsewhere. The policy must be understood as meaning what it said.

There was nothing in the policy to support an unusually wide reading of the cover.

The judge was right to hold that the loss did not fall within the cover.

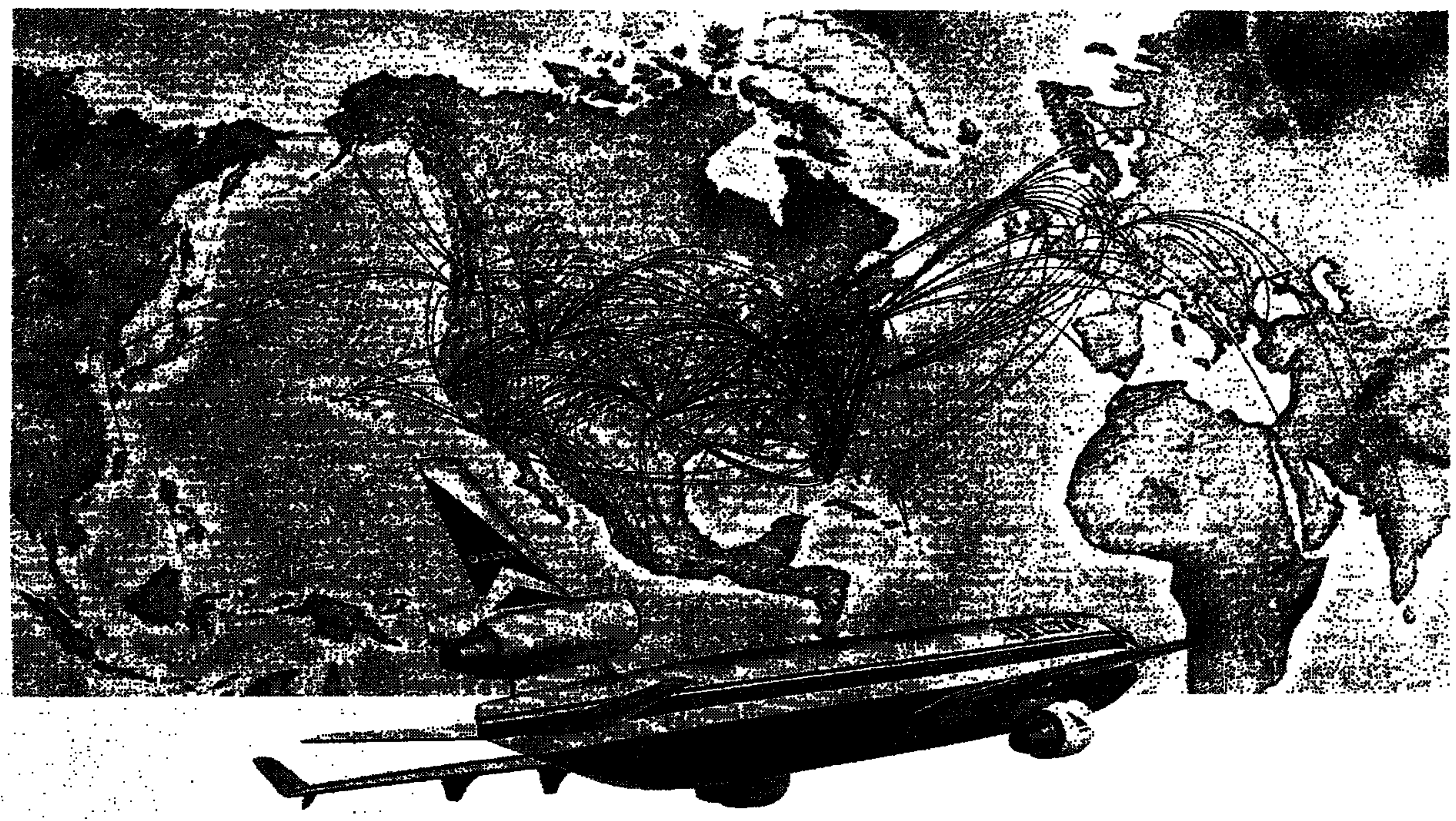
For STOS: Geoffrey Brice QC and Vasanti Selvaratnam (Shaw & Croft).

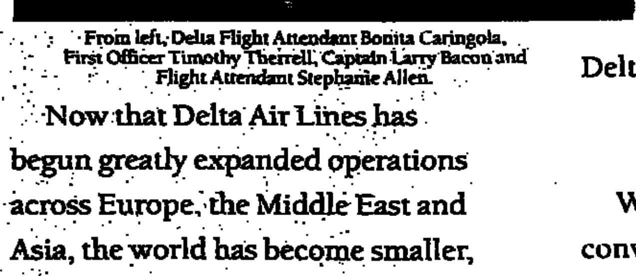
For the underwriters: David Goldstone (Ince & Co.)

Rachel Davies

Barrister

Welcome to the new world of Delta.





From left, Delta Flight Attendant Bonita Caringola, First Officer Timothy Therrell, Captain Larry Bacon and Flight Attendant Stephanie Allen.

Now that Delta Air Lines has begun greatly expanded operations across Europe, the Middle East and Asia, the world has become smaller, and the atmosphere warmer.

With new transatlantic nonstops and a European hub in Frankfurt, Delta now flies from Austria, Belgium, Czechoslovakia, Denmark, England, Finland, France, Germany, Greece, Hungary, India, Ireland, Israel, Italy, the Netherlands, Norway, Poland, Portugal, Romania, the Soviet Union, Sweden, Switzerland and Turkey.

Wherever we fly, Delta is dedicated to bringing travellers the best service in the sky. Service that's more convenient, and gives you more travel choices. Tendered with the special warmth and professionalism the people of Delta are known for.

First across the U.S.A., first around the world.

With Delta, you enjoy the convenience of flying to any of over 240 U.S. destinations with one ticket, on one airline system.

And you have more travel choices, because the Delta network serves more cities within the U.S. than any other airline. In fact, Delta's system is first in flights worldwide, with more than 4800 flights a day to over 300 cities in 33 countries around the globe.

A few other firsts.

As important as schedule and convenience are to travellers, they're just part of the reason for you to choose to fly with us.

Delta has the youngest and most modern commercial aviation fleet of its size in the world. As well as one of the most generous frequent flyer programmes. And our emphasis on service has earned Delta the best record of passenger satisfaction among major U.S. airlines for 17 straight years.*

Have your Travel Agent book you on Delta. Or call us direct.

And let us welcome you to Delta's world.

DELTA AIR LINES
We Love To Fly And It Shows.®

*Based on consumer complaint statistics compiled by the U.S. Department of Transportation.

MANAGEMENT: The Growing Business

Small companies have suffered from dodgy leasing practices for too long. There will be pressure for change next year when the Office of Fair Trading publishes a new set of guidelines for leasing goods like photocopiers and facsimile machines.

The guidelines were compiled by the Equipment Leasing Association, the industry body, following a sharp rise in complaints over misleading contracts. The ELA plans to make the standards for contracts binding on its members by the end of this year. The proposals include setting out financial details and length of lease in large, clear lettering on the page signed by the lessee, "fair and reasonable" increases in charges, and ensuring that the person who signs the contract has the authority to do so.

However, efforts to impose tighter controls on the leasing industry have come too late for many small businesses, and horror stories abound.

One example concerns John Smith* whose three-year lease on a fax became a nightmare of companies going bust, threats of court action and mysterious duplicate contracts. Today, Smith faces bills of £11,550 over nine years for a fax machine which cost £2,500 four years ago and is now outdated. What should have been a straightforward transaction involved Smith in dealings with no fewer than four companies.

Leasing

Bills flood in on fax

Peggy Hollinger narrates one man's horror story

The story began in October 1987 when Smith signed a three-year service and leasing agreement with Company One, a supplier of office machinery.

Just over a year later, when the contract had 21 months left to run, the supplier went into liquidation. The first Smith knew about it was when he was approached by Company Two, another office equipment supplier – which had taken on the customer base of the defunct supplier – to sign a new service agreement.

Two months later, Smith received a letter asking him to sign a personal indemnity, guaranteeing payments in case his company should default.

He refused, concerned that there was neither an agreement number to identify the document to his fax machine, nor any conditions attaching to the agreement. Instead, he reassured the supplier that he would meet the remaining payments on the original three-year lease. After months of telephone conversations and correspondence, he was finally persuaded to sign a new service agreement. The contract was faxed to Smith, who signed it even though the terms and conditions were illegible.

What Smith did not realise, however, was that he had signed a lease, not just a service agreement, which would tie him into making payments for a further eight years at a cost of £10,267, including VAT.

Leases are usually financed by third parties, which buy the machine and the contract agreed on it from suppliers at a discount. Often, however, the supplier retains responsibility for servicing the machine.

The lease was presented by the supplier to be financed by Company Three, a leasing house, which presumed that through Smith's agreement it had secured a new fax machine and an undisputed rental stream for eight years. Neither party discovered the truth until the following year when Smith assumed he had finished paying.

Although the leasing house claims that the agreement was a standard document, leading companies in the industry are horrified. "We would never accept a lease for more than 36 months on such equipment," one company spokesman said. This is another area where the Equipment Leasing Association is trying to set standards of practice. Its guidelines propose that the period of hire must not be longer than the working life of the equipment.

However, another leading leasing house said that type of contract was renowned for having been misused: "Salesmen would take advantage of people's good nature. They would run in and say 'Could you just sign the service agreement, I'm double parked'."

But where did that leave Smith? In May 1991, he stopped payments on the lease when he received a letter requesting him to pay yet another company, Company Four, as a result of the supplier selling its client list. Meanwhile, the leasing company insists it owns the right to the payments and the machine.

After viewing the document on file with the leasing company Smith is more confused than ever. For the contract is set out on heavy blue paper, not the fax he signed. The company insists this is a valid document – the signature is identical to the copy Smith holds.

The company is about to take Smith to court for defaulting on payments. "I would welcome it," he says. "I just want to get to the bottom of this so that it doesn't happen to others in the future."

** The name of the businessman has been changed.*

TIPS FOR LESSEES

- Check the period of hire. As a rule, leases should not be longer than the working life of equipment – for example, about three years on a fax.
- Make sure the period of hire agreed verbally is the same in the contract.
- Check the financial details. Are there any hidden costs resulting from a clause tying the lesee into buying supplies or services from a particular source?
- Check the period of notice to terminate. Does the contract end at a certain time or do you have to give notice?
- Check clauses allowing price increases and make sure you agree.
- Find out who you are paying and how many companies your contract is going through. The more participants, the more expensive the lease.
- Do not sign anything that does not spell out the terms and conditions; make sure you read them.
- If there is any change to your contract, resulting, for example, from a company going bust, do not sign a new agreement until you understand every word of it.
- Check your dealer is reputable, for example by referring to the Equipment Leasing Association which accounts for 80 per cent of the industry.

In brief...

■ A further 500,000 small businesses will be eligible to submit simplified accounts to the Inland Revenue from next April.

The level of business turnover or gross rental income below which taxpayers may submit three-line statements, instead of full accounts, is to be increased from £10,000 to £15,000, the Treasury announced. The increase applies to accounts received by the Revenue on or after April 6, 1992.

This year about 250,000 people are expected to send in three-line statements, twice as many as in the scheme's first year. The three-line statement need show only total turnover or rental income, total purchases and expenses and the resulting net profit.

The simplified accounts scheme allows small businesses to save the time and expense of preparing detailed submissions to the Revenue but they must still keep accurate records of their business affairs.

A range of leaflets is available from tax offices on Simple Tax Accounts (IR104), How your profits are taxed (IR105 and Capital Allowances for Vehicles and Machinery (IR106).

■ Small- and medium-sized companies have been enthusiastic participants in a government programme to support research into analytical and physical measurement. This forms part of a government initiative known as LINK to bring industry and the scientific community together in innovative research.

Of the 24 projects already under way as part of the Technology for Analytical and Physical Measurement Programme, 14 involve small- and medium-sized companies.

The next closing date for bids for support is January 24 1992 but bids should be submitted as soon as possible. Contact Lyndon Davies, programme co-ordinator, on 0223 262 686.

■ Struggling companies can boost their cashflow by regaining the tax they paid in more profitable years, according to accountants BDO Binder Hamlyn.

It suggests that businesses set losses against the previous year where possible. Where accounts are drawn up to a date after March 31 1991 losses can be set against profits of the previous three years giving even greater scope to recover tax paid in better times.

When payment of advance corporation tax has been made on the payment of dividends but, because of losses, there is no tax due to set it against, all is not lost, Binder Hamlyn says. A claim can be made to set the surplus ACT of the current year against tax in the previous six years.

Michael Howard: problems

UK takes EC to task on employment charter

Charles Batchelor reports on opposition to plans for harmonised social security regulations

Attempts by the UK's small business community and the British government to water down the European Community's plans to harmonise social security regulations appear to be making little headway.

The commission remains determined to introduce the Social Charter by the end of 1992 while hopes that the EC's system of economic impact audits would block or dilute the proposals seem misplaced.

This emerged last week at a conference entitled The European Social Charter: The Impact on Small Firms, held in London. The conference was backed by a wide range of UK business organisations including the Union of Independent Companies, the Confederation of British Industry, the Forum of Private Business and the Institute of Directors.

They are united in their opposition to the charter, in particular to proposals to regulate working hours, the conditions of part-time and temporary workers, night working and benefits for pregnant women. These would add to costs and create unemployment, they say.

Heinrich von Moltke, head of the European Commission's directorate for enterprise, expressed surprise at the strength of opposition to the charter in the UK. However, small firms in Britain and the government believe other countries and business organisations in Europe are not worried about the charter because:

- Industry in countries such as Germany is already highly regulated so that extending the rules to countries with less regulation would reduce their competitive advantage.
- Some governments, notably Italy, have a poor record of implementing and enforcing EC directives so their local industry would not be affected anyway.
- They conduct less trade with non-EC countries than does Britain so would be less affected by any loss of competitiveness against companies in these other countries.

The UK government intends to maintain its opposition to the charter though a proposal to extend majority voting to social policy will be on the table at the Maastricht summit in December. This would mean no one country could block proposals agreed by other countries. The government could seek exemption for UK small businesses from the EC rules but this would be "second best" and would pose problems of where to draw the line, Michael Howard, UK employment secretary, said.

There appears a diminishing prospect of the charter measures or any future legislation in the social area being blocked or diluted by the EC's system of economic impact audits, or *fiches d'impacte*.

"At present the economic assessments carried out by the Commission are simply not adequate," Eric Forth, UK small firms minister said.

Von Moltke said the system of economic impact audits had been modified to concentrate only on those legislative proposals which would have a significant impact on business. This was intended to allow discussion of legislation at an earlier stage. Nor does the enterprise directorate share the fundamental objections expressed by small firms in the UK. The directorate supported the broad objectives of the social charter, von Moltke told the conference.

At last week's conference, trade associations representing the road haulage industry, construction, retailing and the catering sector condemned the charter. Haulage companies would have to take on additional drivers if they wanted to maintain services under the proposed EC regime, David Somers, a director of David Somers (Transport), a Leeds-based company, said. All of the 11 services which Somers runs to Germany, Belgium and the Netherlands require drivers to work a six-day week while five involve a Sunday start.

Meanwhile the UK construction industry, comprising 170,000 firms, most of them small, is still adapting to health and safety regulations introduced in the 1960s, according to Paul Reading, health and safety director of the Building Employers Confederation. Action should concentrate on enforcing existing legislation rather than adding new EC directives, he said.

Heinrich von Moltke: surprise

BUSINESSES FOR SALE

Touche Ross

G. & F. Retail Limited

(In Administrative Receivership)

The business and assets of a convenience store retailer operating in Cardiff, Newport and Bridgend are offered for sale.

- ☐ Turnover £7.3 million per annum, of which £1.1 million relates to petrol sales.
- ☐ Twelve long leasehold trading units.
- ☐ All units refitted during the past three years.

For further information, please contact R. G. Ellis or David Hill at the address below.

DRT International

Blenheim House, Fitzalan Court, Newport Road, Cardiff CF2 1TS.
Tel: 0222 481111. Fax: 0222 482615.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Manufacturer of ATM safes and other high quality components

Moorfield Manufacturing Limited

(In Receivership)

The Joint Receivers offer for sale as a going concern, either as a whole or in constituent parts, the business and assets of this medium sized engineering company (holds BS5750) based in Kilmarnock, Ayrshire specialising in:-

- manufacture of ATM safes (UL291 Certificated)
- manufacture of high quality fabrications and components for the construction and agricultural industries.
- manufacture of "Wholecrop Harvesters".

Full range of engineering equipment including CNC and CAD facilities.

For further details please contract the Joint Receivers, Frank Blin or Ian Rankin at Cork Gully, Kintyre House, 209 West George Street, Glasgow, G2 2LW. Telephone 041 226 4894 Fax 041 221 5133.

Cork Gully

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on Investment Business

---

INVEST IN SLOVENIA

The Development Fund and the Agency for Privatisation in cooperation with the IPG of Price Waterhouse are pleased to offer for sale

JAVOR
Pivka, Slovenia

A wood processing Industry situated at Pivka, 50 km from the Italian border.

- ☐ *65 million DM of annual turnover*
- ☐ *Diversified line of wood products of consistently high quality*
- ☐ *75% of Sales realised within EC*
- ☐ *Low production costs*
- ☐ *Excellent growth opportunities*

Contact Rajapakse at the Development Fund

Phone : +38-61-349-460
Fax: +38-61-346-660

IPG - Price Waterhouse
Development Fund

Agency for Privatisation

Importer and seller of plastic welding machines

Mita-Thor Limited

(In Receivership)

The Joint Administrative Receivers offer for sale the business and assets of the above company comprising:-

- £2 million per annum turnover
- Extensive customer base
- Rented accommodation in Ilkley and local warehouse
- Stock, plant, furniture and computer systems.

For further details contact the Joint Administrative Receivers, E Klempka and D J Waterhouse (quoting reference Mita-Thor) at Cork Gully, 5 Albion Place, Leeds, LS1 6JP, telephone number 0532 434567.

Cork Gully

Cork Gully is authorised in the name of Coopers & Lybrand Deloitte by the Institute of Chartered Accountants in England and Wales to carry on Investment Business

---

Aerial Access

The Joint Administrative Receivers offer for sale the business and assets of Aerial Access Equipment Limited.

- *Designer and manufacturer of powered access equipment, primarily used in building maintenance and cleaning activities. A number of products and designs covered by patents*
- *Turnover 6 months to May 1991 approx £1.0 million*
- *Queens Award for Export Achievement*
- *Substantial order book*
- *Skilled workforce*
- *16,000 sq. ft. modern leasehold premises in Longbenton, Newcastle upon Tyne*

All enquiries to Roger M. Griffiths, Joint Administrative Receiver, Ernst & Young, Central Exchange Buildings, 93A Grey Street, Newcastle upon Tyne NE1 6EJ. Tel: (091) 221 1222. Fax: (091) 261 2916.

ERNST & YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

BY ORDER OF THE BOARD

A group of fully fitted hairdressing salons for sale within M25 area. Prime locations. Under management. All reasonable offers considered.

Write Box H9192, Financial Times, One Southwark Bridge, LONDON, SE1 9HL.

NATIONAL 2 HOUR TELEGRAM/FAX DELIVERY SERVICE 1000 + OUTLETS

Business no longer fits with group core activity. Requires development by new management team. Ideal fit for courier company or office equipment distributer.

For details Fax: 081-547 0857

FOR SALE

INSTALMENT CREDIT RECEIVABLES
CIRCA £4 MILLION (GROSS)

SEASONED, UP TO DATE,
YIELDING 20% +
HIRE PURCHASE/LEASING
OFFERS (SUBJECT TO CONTRACT AND DUE DILIGENCE)

Write Box H9181, Financial Times, One Southwark Bridge, LONDON, SE1 9HL

HIGH CLASS PRINTING COMPANY (OWNERS RETIRING)

Long established company situated in South East London is offered for sale as a going concern. Principal features include:

- Modern premises of 7,000 sq ft
- Turnover £2 million
- Contracts with multi-national Blue Chip company
- On preferred list of other Major Blue Chip Plc
- Work Force of 20 skilled staff
- Significant investment made in existing printing equipment

For further information please reply to Box H9199 Financial Times, One Southwark Bridge, London SE1 9HL. Principals only please.

Touche Ross

Britannia Shelving Limited

(In Administrative Receivership)

The Joint Administrative Receivers offer for sale the business and assets of the above company.

- ☐ Distributors of shelving systems to major DIY outlets.
- ☐ Annual turnover of approx. £750,000.
- ☐ 5,000 sq ft leasehold premises in South Wales.

For further information, please contact the Joint Administrative Receiver, R. G. Ellis or Freda Young at the address below.

DRT International

Blenheim House, Fitzalan Court, Newport Road, Cardiff CF2 1TS.
Tel: 0222 481111. Fax: 0222 482615.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

Touche Ross

W & F Barrett Limited

(In Administrative Receivership)

The business and assets of W & F Barrett Limited are offered for sale. The company manufactures manual and powered wheelchairs.

Features are:

- ☐ Projected annual turnover £1.9 million.
- ☐ Substantial order book.
- ☐ Patented designs.
- ☐ Established customer base.
- ☐ Leasehold premises of 19,000 square feet located in Bristol.

For further information contact the Joint Administrative Receiver, David Bird or Simon Thomas at the address below.

DRT International

Queen Anne House, 69/71 Queen Square, Bristol BS1 4JP.
Tel: 0272 211622. Fax: 0272 292801.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business.

LEISURE ORIENTATED TRADING COMPANY

Own unique product lines and own label products. Diverse product based company situated in the Cheshire area. Established company, profitable and on-going. Can be sold with or without management. Massive potential for unlimited turnover in the short to medium term, with only minimal add on overhead. If required, premises can be bought or rented. Turnover £1.5m.

Principals with foresight and commitment only, Please write to Box H9207, Financial Times, One Southwark Bridge, London SE1 9HL.

Humberts · LEISURE

Four established visitor attractions in sound business locations

Devon
Growing rural leisure park. Excellent retail/catering in superb setting. Period house
Guide £750-800,000

Sussex/Surrey
Central London 35 miles. Prime residential catchments. Year round trade. Substantial principal house
Guide £1 million

Sussex
Central London 65 miles. Imaginative/diverse farm visitor attraction. 60,000 visitors. Up to 450 acres. Georgian farmhouse
Guide £2.25 million

Devon
Highly commercial park with circa 100,000 visitors. Prime amenity location and excellent farmhouse
Guide £1.5 million

Individually available freehold as going concerns with full inventories CHD

071-629 6700
25 GROSVENOR STREET · LONDON W1X 9FE

Humberts · LEISURE

London W2

Two profitable freehold hotels for sale

Well known budget tourist hotel with 3★ potential

- 129 bedrooms, 35% with private facilities
- Capacity to sleep 320
- Recently refurbished but with excellent potential for further upgrading
- Turnover c£800,000 with high net profits

Tastefully modernised 'Town House Style' hotel

- Attractive garden square location
- 55 quality en suite bedrooms
- Restaurant and cocktail bar
- Turnover already c£600,000 in first full year of trading since extensive refurbishment and modernisation

For price guides and further information please contact Jeremy Crawford or David Gooderham at the vendors sole agents

071-629 6700
25 GROSVENOR STREET · LONDON W1X 9FE

The Exel Mould & Tool Company Limited

(In Administrative Receivership)

An opportunity has arisen to acquire the following business and assets of the above company due to the appointment of Joint Administrative Receivers, MD Gercke and AV Lomas of Price Waterhouse.

- Manufacturer of high quality moulding tools for plastics industry up to 6 tonnes weight.
- Business established 52 years with first class reputation.
- Good potential order book.
- Modern well equipped toolroom including CNC & 3D CAM and own design office.
- Long leasehold premises with minimal ground rent.

For further information, please contact:
Michael Gercke, Price Waterhouse, Bridge Gate, 55-57 High Street, Redhill, Surrey RH1 1RX.
Tel: (0737) 766300. Fax: (0737) 779542.
Telex: 925734.

Price Waterhouse

BUSINESS SERVICES

U.S. Plant in Your Future ?

If you are considering a North American location for manufacturing acquisition or start-up, LandBridge offers full access to development finance assistance, market analyses and management of planning and environmental permissions in the U.S. Cost-effective rates.

Please contact Caroline Bachan at LandBridge Consulting Services, 80 Beaver Street, 4th Floor New York, New York 10005
Tel: 212 8096080
Fax: 212 8096082

SCANDINAVIAN MARKET DEVELOPMENT

Avoid the flop, save time and costs by making a local research before you decide about investing in this profitable marketplace.

Discreet and efficient market research and door opener service in all 5 Nordic countries. Thorough insight into Food & Beverage industry.

For further information call +45 42 86 88 78
Fax +45 45 78 89 38

S M D: Engvej 6 d,
DK-2960 Rungsted Kyst, Denmark

AIR TAXI

Execujet
Coventry Airport
Tel: 0926 641100
Fax: 0926 641103
Tlx: 311613 EXUJET G

BUSINESS AND ASSETS

Of solvent and insolvent companies for sale. Business and Assets

.Tel 071 262 1164(Mon - Fri)

Central London - 30 miles
TAPLOW HOUSE AD1598 WITH ACRES OF SPLENDID GARDENS
Your Christmas Day Lunch £45.00
Special Rates of Accommodation Between 24th & 27th December
Bookings for four nights fully paid by 1st December qualifies
FREE Christmas Day Lunch
Enquiries: Maidenhead (0628) 70056

An office you can't refuse.
You need an office, right? Furnished and fully serviced in Victoria.
071 931 0660

DIRECT MAIL LISTS & SERVICES 100'S of ready-made lists immediately available. Suppliers to leading UK companies. Free catalogue.Market-scan, Freepost. Chichester, Sussex.Tel 0243 786711

PRESS PUBLICITY and not promises. P.R. consultancy offers performance-related press coverage. No cuttings - No Fees 0372 469811, Fax: 0372 462082

YOUR OFFICE IN LONDON from 70p a day. Accom/Tel Ans/Tlx/Fax/Mail Box etc Office Box . 071 436 0766 fax 071 580 3729.

UK OFFICE BASE WITHOUT HIGH COST: Business address - Telephone (any STD code) answered in your name - Calls put through to you anywhere. Highly integrated service Call (0865) 793131 for details.

Tulfarris Hotel and Country Club

Blessington, Co Wicklow, Ireland

SALE BY FORMAL TENDER

• 21 delightful ensuite bedrooms and suites • Excellent restaurants combined with comprehensive conference facilities • Challenging par 36, nine hole, lakeside golf course • Extensive leisure facilities incl indoor pool, sauna, gym • Entire property set in 50 acres of attractive landscaped grounds • Planning permission granted for 35 holiday town houses in grounds • Planning permission granted for 8 additional hotel bedrooms

Contact Patrick Ryan

CHRISTIE & Co
INTERNATIONAL DIVISION

London
071-486 4231

CLOSING DATE FOR TENDER 12 NOON TUESDAY 17TH DECEMBER 1991

Norfoam Limited

The Administrative Receivers offer for sale the business and assets of Norfoam Limited, a well known manufacturer of components for the furniture industry.

- *Turnover for the year ended 31 December 1990, approximately £1m*
- *Attractive customer base and order book*
- *Long leasehold premises of approximately 25,000 sq. ft. with adjoining land of 5,000 sq. ft.*
- *Specialised injection machinery for polyurethane mouldings*
- *Skilled workforce*

All enquiries to R M Griffiths, Joint Administrative Receiver, Ernst & Young, Central Exchange Buildings, 93A Grey Street, Newcastle upon Tyne NE1 6EJ.

Telephone: 091-221 1222. Fax: 091-261 2916.

ERNST & YOUNG

Authorised by The Institute of Chartered Accountants in England and Wales to carry on investment business.

PLC's for sale

A selection of un-traded PUBLIC COMPANIES available from stock for immediate trading, complete with 117 Certificates. Share capital requirement already satisfied.

NO FURTHER FUNDS REQUIRED

£750.00 each + VAT or
we can convert your existing business to PLC status THE STANDARD FOR EUROPE

Phone 0642 750866 Fax 0642 751629
FINANCE FOR EUROPE PLC

UNIQUE OPPORTUNITY TO PURCHASE

Profitable print finishing and mailing business in London area. Trained young staff with experienced management. Freehold factory.

All enquiries to Box H9253, Financial Times, One Southwark Bridge, London SE1 9HL.

FOR SALE

business established 1990 by inventor publishing and producing own proven unique communication and software products.

Write Box H9201, Financial Times, One Southwark Bridge, LONDON, SE1 9HL

PRESSURE DIE-CASTING CO FOR SALE

Equipment includes 9x35 ton Hot Chamber Diecasters + Hydraulic Presses, Compressors and Associated Equipment.

Contact Barry Guest
John Guest (Southern) Limited
Horton Bridge Road
West Drayton
Middlesex UB7 8JR
Tel: West Drayton (0895) 449233
Fax: (0895) 420319

FOR SALE

Curtain Walling & Window Manufacturing Company

Very well equipped, supplying a range of medium and top of the market products.

Write Box H9196, Financial Times, One Southwark Bridge, LONDON. SE1 9HL

FINANCIAL PROSPECT

Established, Profitable Roofing Contractor and Supplier of Roofing Materials, with a turnover of £10 million plus, is seeking merger or sale.

Please write to H9177, Financial Times, One Southwark Bridge, London SE1 9HL.

MAJOR LEADING POSTER COMPANY

For Sale.

Please write to Box H9198, Financial Times, One Southwark Bridge, London SE1 9HL.

HAULAGE & STORAGE OPERATION

Substantial 6½ acre enclosed freehold site with over 100,000 sq. ft. of modern offices and warehousing, tenanted and fully utilised, situated adjacent to M1 Junction 37.

Included is old established haulage operation 40 HGV, 70 trailers. Regular workload, plc clients. Owners seeking merger or possible outright sale considered. Price circa £2.5M.

Please write to Graham Kelk & Co, Chartered Accountants, 60 Scotland Street, Sheffield S3 7DB

Office Furniture Manufacturing Company - For Sale

Successful office furniture manufacturing company based in the South of England. Profitable track record with turnover in excess of £1.5m and potential for further growth.

For further information, contact
Colin John at:
Touche Ross Corporate Finance,
69-71 Queen Square, Bristol BS1 4JP.
Tel: 0272 211622 Fax: 0272 292801.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on Investment Business

---

RMA

NORTHERN IRELAND EMPLOYMENT AGENCY

This is a rare opportunity to acquire an established and profitable Belfast agency with a blue chip clientele and excellent future development potential. Confidence assured. Quote Ref 7070.

Resource Management Associates
35 Robjohns Road, Chelmsford, Essex
Telephone 0245 252525 Anytime

USA - BASIC METAL FABRICATION

Small, U.S. company, annual sales $11 to 14 million, profitable last 8 years, running to 20% pre-tax, Dominant U.S. market position, almost exclusive in Western U.S. where located. Clearly in a "niche" with little chance of new competition. Owner in London late November.

Contact S. Stepp,
206 236 2769,
Fax 206 236 1893 (USA)

FRANCHISING

WORLDWIDE DEMAND

Mail Boxes Etc® is the largest franchise network of retail centers offering:

- Private Postal Services
- Business Support Services
- Communication Services

With over 1,500 MBE centers in the USA, Canada, Mexico, and Japan, we are now seeking qualified master licensees to expand our international network.

For further information, contact:
Mail Boxes Etc.
Rob Shaw, Internat'l Mgr.
5555 Oberlin Drive
San Diego, CA 92121 USA
Phone: 619/452-1553
Fax: 619/452-8937

MAIL BOXES ETC.®

Offering by prospectus only

AIRCRAFT FOR SALE

AIRCRAFT SALES

Business Aircraft Sales & Operating Leases

• Insurance • Management •
• Crewing & Maintenance •
• Charter Broking •

Fields

Contact Neil Harrison
Tel: 0753 686846
Telex: 8952145 FASLAP G
Fax: 0753 686842

CLUBS

EVE has outlived others due to policy of fair play and value for money. Supper from 10-3.30 am. Glamorous hostesses, exciting cabaret. 189 Regent St. W1.071-734 0557

PUBLIC NOTICES

ROYAL SOCIETY OF PORTRAIT PAINTERS At a General Meeting of the Royal Society of Portrait Painters on the 31st October, 1991 Mr. George J.D. Bruce was elected President and Mr. Richard Foster Vice President.

Unveiling of sugar institute

A new research institute opens at Oxford University tomorrow to study the biochemical role of sugars in the body. New treatments for asthma, arthritis and Aids are expected to emerge from its work.

The Glycobiology Institute is funded jointly by the university and Searle, a US pharmaceutical company which is part of the Monsanto group. Searle contributes £1.5m a year in research funding, on top of a £2.9m capital grant for the institute's new building.

Glycobiology is a fast-growing field of science, pioneered during the 1980s by Raymond Dwek of Oxford's biochemistry department. It looks at sugars not as a bulk constituent of diet but at the molecular level in living cells.

Scientists are just beginning to understand the important role played by the short chains of sugar molecules which branch out from the surface of most proteins in the body. Ten years ago the biotechnology industry focused on the protein molecules and dismissed the sugars as sweet nothings; now it recognises that their structure determines the way the proteins work.

The first potential drug to arise from Oxford glycobiology research is Butyl-DNJ, an Aids treatment now undergoing clinical trials. It works by altering the sugars on the surface of HIV, the Aids virus; this prevents it latching on to healthy cells.

The laboratory has also identified a missing sugar molecule in the antibodies of arthritis patients – a discovery which is being developed into a diagnostic kit for rheumatoid arthritis and might eventually be turned into a drug to treat this painful and crippling disease. The institute will house 60 researchers, including 10 scientists employed by Searle.

Searle has the first right to commercialise any drugs resulting from the institute's work. Technology to analyse and prepare glyco-chemicals is being exploited by Oxford GlycoSystems, the first start-up company in which Oxford University has taken a stake.

Clive Cookson

Ian Holdsworth describes how computers have brought order to the Scottish courts

Sheriff's verdict goes to Cop

Computers brought order to the courts of Dundee last week. Sleak white terminals flicked into life at the public fines counter, in the back offices and in the courts themselves. From now on, judges (or "sheriffs" to use the Scottish term) will be able to see details of each case on a screen. And defendants leaving court on bail will wave computer-generated bail-orders.

Dundee is the tenth of Scotland's 49 sheriff courts to be computerised since September 1990. The installation, known as Criminal Operations Project (Cop), is part of a Scottish Courts Administration (SCA) scheme to automate the processing of the 100,000 criminal cases that pass through the courts each year. All sheriff courts will be running Cop by the end of 1992.

The old system for processing crimes started when a criminal complaint was presented to a clerk of court who would register it in a book. A date would then be fixed for a hearing. Before, during and after the court appearance information would be written, often several times, into a variety of documents including formal minutes, court orders and an accounting system for handling fines.

Now, using Cop, the complaint's registration number is entered into a computer. This feeds through automatically into further electronic documents so nothing has to be retyped. New information, ultimately including the court's disposal, is tapped in as the case moves from stage to stage. At each step the appropriate paperwork is generated to guide the defendant on his way to prison, probation, fine or freedom.

Planning Cop required careful definition and analysis of the task to be computerised. Two considerations emerged as fundamental and shaped the development.

First, the complexity of the court process deterred the SCA from handing the project to an external contractor. It felt the only people capable of shifting the legal routines on to computers already worked for the courts. In 1986, sheriff clerks were therefore offered the chance to train as computer programmers and then to create the system using an easy-to-use software language or "application generator" called Oracle. By mid-1988 the bulk of the system was finished and a pilot under way in Dunfermline, Fife.

Ian Scott, head of the SCA's operational review team, says the decision to go in-house was a form of quality assurance. "We thought about taking skilled programmers and explaining to them how the courts operated but the advantage lay in taking people who knew the court system and training them in programming – there are so many things about the way in which courts operate – so many different possibilities that exist.

"Oracle allowed us to train the programmers and compress the time this took into a few months rather than years. We were very pleasantly surprised at how quickly they picked it up. They weren't programming to some written specification which might have had something missing – they were programming with feeling."

The second consideration was the need for all the sheriff courts to have the same system. This was not immediately self-evident as Scottish courts are different in size and character, and each court's system would work largely on its own. However, a common approach in hardware and software would simplify training and system support and, in time, enable the courts to be linked up. Within a few years, the SCA would like to be collating data every night from all over Scotland. This could be analysed for management information and criminal statistics.

Because of the varied sizes of the courts, the SCA had to come up with a flexible system that could be scaled up or down. A court in the outer Hebrides would probably only need a single-terminal workstation, whereas Glasgow's 21-court complex would need a solid backbone of computer power to support some 40 terminals and 25 printers.

Some of the older court buildings also imposed constraints. Large computers requiring air conditioning or strengthened floors can easily be installed in a modern custom-built court such as the one due to open in Edinburgh in 1994. However, many of the other courts are elegant old buildings. The classical-style sheriff court in Perth, for example, dates from 1819 and is category-A listed. It could only house a light computer with few cables or special requirements.

Having written its own software, the SCA put a contract out to tender for hardware to run it on. Oracle as a software tool is hungry for computer power so the SCA had to choose a system with some bite. A traditional minicomputer might have fitted the bill for a court such as Edinburgh or Glasgow, but was far too big for a smaller court.

The SCA considered several tenders and was drawn towards a "client-server" approach. This is something of a bandwagon for computer suppliers at the moment. Client-server describes an open system where the various elements – computers, printers, etc – are distributed in a network so that users sit at "client" terminals, which are "served" by larger computers that store, process and route the data. Complete systems can be built up in several different ways, which facilitate growth and make the system adaptable for different environments.

The SCA also became interested in what was then a new type of microprocessor called Risc (reduced instruction set computing). Risc chips have been the workhorses for some years now in powerful computer workstations, and are normally associated with scientific "number crunching" in university laboratories or with other desktop applications where power is at a premium, handling fast-moving animation for example.

Recently, Risc microprocessors, armed with the Unix operating system and the "client-server" philosophy, have been moving out of laboratories and into business-type markets. The SCA's project is an excellent example of this trend.

After following the very strict procurement standards demanded of a government department, the SCA awarded a £2.8m contract to Sun Microsystems of the US, a leading supplier of Risc-based systems.

Sun was commissioned to implement Cop on its range of Sparcserver and Sparcstation computers which are built around its own version of Risc, called Sparc. "We'd been targeting corporate accounts with business-type applications," says Ken Mitchell, Sun's project manager for the SCA contract. The law courts are "a classic environment where they're using none of the traditional features of a Sun workstation," he says.

The task was to produce a system that could handle many users simultaneously and still be fast. "In a court environment you can't sit there tapping your fingers," says Mitchell. "When you're collecting fines, for example, you need to print a receipt within five or six seconds."

By opting for a "client-server" design, the SCA believes it has covered itself for future growth. Indeed the specification has already been upgraded since the initial deal – Sun has substituted a new version of its workstation in the most recent court conversions.

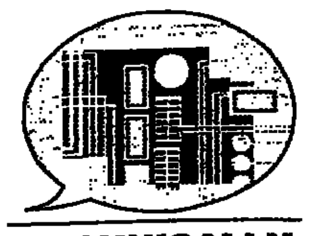
So far, computers have only been applied to criminal cases, which account for 70 per cent of sheriff court hearings. Improved efficiency has been particularly noticeable on the summary criminal side (where the sheriff sits on his own, rather than with a jury), says Scott. Such cases make up the bulk of a sheriff court's business.

However, the courts also deal with most of Scotland's civil litigation and at some stage this too may be shifted on to computers. It will not be easy. Criminal cases, especially summary ones, lend themselves to computing because they progress in definite stages and the documentation is, to some extent, standardised. The civil side is more unpredictable. "It may not be possible to have such a comprehensive system," says Scott.

In the meantime, Cop may be hooked up to external organisations with which the SCA already trades information. A Cop connection to the police is inevitable, not least because of the acronym. Direct computer links are also likely with the Home Office, vehicle licensing department, prisons and the Scottish criminal record office.

Don't shoot the imitator

By Alan Cane



TECHNICALLY SPEAKING

Imitation may be sincere but it is not necessarily a cheap way to success in world markets. Companies have to invest as much time, money and effort to copy a competitor's product or innovation successfully as if they had started from scratch, according to new research from the Science Policy Research Unit (Spru) at Sussex University.

This finding shows in a new light those Japanese firms which are labelled copyists by the west – especially in terms of their determination and commitment – and suggests that western companies may have to adopt similar attitudes if they, in turn, are to copy successfully the best of Japanese technological methods.

This is important in manufacturing where the Japanese have led the way for some years now in new "lean" manufacturing methods including just-in-time, total quality and appropriate automation.

The new findings were discussed last week by Keith Pavitt, deputy director of Spru at a London conference sponsored by the Toshiba Foundation.

He used the occasion to raise some questions of universal applicability. Do innovative countries like the US and UK capture enough of the economic benefits of their efforts to justify the investments? Or do the economic benefits leak quickly and cheaply away to their competitors?

Second, to what extent does the internationalisation of company activities assist the diffusion of new technology to a wider group of countries?

The burden of his argument is that copying is always a complex business: "As with riding a bicycle or putting together a good soccer team, an extensive period of trial, error and learning is a necessary part of imitation and improvement."

And he warns that countries which fail to maintain public spending on university research or firms which cut back on research and development damage their capability either to innovate themselves or capitalise on discoveries made by others. R&D, in other words, is not just about getting ahead of your competitors; it is also about catching up with, and keeping up with, the competition.

Pavitt's research shows that the conditions for successful invention and successful imitation are the same: high levels of technological activity in industrial companies and substantial public investment in basic research and higher education.

Companies in Germany and Japan are widely suspected of copying others' innovations, but these countries have invested a higher percentage of their gross national product on R&D over many years than "innovative" countries such as the UK and US.

Pavitt showed that most of the economic benefits of government-funded basic research and training are captured by local firms: "This will come as a surprise to those believing the main economic benefit of basic research comes in the form of published papers to which the whole world has equal access," he said.

"Research directors value basic research in universities less for its published results and more for the capacity to solve problems that it provides in the form of trained researchers, their know-how and instruments."

The overriding conclusion is that it is neither cheap nor easy to exploit the innovations of others. Indeed, having the original bright idea is the cheapest part of the process.

In the west, however, there is a tendency to look disapprovingly on imitators. Now it seems that successful firms will have to maintain a balance of innovation and imitation – and will have to put similar resources into each activity.

BUSINESSES FOR SALE

CLASSICAL CONCERTS

LEGAL NOTICES

IN THE MATTER OF HORTON'S HIRE SERVICE LIMITED AND IN THE MATTER OF THE INSOLVENCY ACT 1986

In accordance with Rule 4.106 of The Insolvency Rules 1986 notice is hereby given that I, Peter S. Dunn FCA, a Licensed Insolvency Practitioner of Latham Crossley & Davis, 45 Conduit Street, London W1R 9FB, was appointed Liquidator of the above Company by the Creditors on 31st October 1991.
Dated this 31st October 1991
Peter S. Dunn FCA, Liquidator
Latham Crossley & Davis
45 Conduit Street, London W1R 9FB

IN THE MATTER OF BIG DIPPER LIMITED AND IN THE MATTER OF THE INSOLVENCY ACT 1986

In accordance with Rule 4.106 of The Insolvency Rules 1986 notice is hereby given that I, Peter S. Dunn FCA, a Licensed Insolvency Practitioner of Latham Crossley & Davis, 45 Conduit Street, London W1R 9FB, was appointed Liquidator of the above Company by the Creditors on 29th October 1991.
Dated this 29th October 1991
Peter S. Dunn FCA, Liquidator
Latham Crossley & Davis
45 Conduit Street, London W1R 9FB

NOTICE OF APPOINTMENT OF ADMINISTRATIVE RECEIVER
NUTBROWN MANN & CORRIGAN LIMITED
Registration number: 2103906
Nature of Business: ADVERTISING AGENCY
Trade Classification: 28.
Date of Appointment of administrative receiver: 11th October, 1991
Name of person appointing the administrative receiver: Tony Rowse NMC Limited
Administrative Receiver:
Peter S. Dunn FCA
Latham Crossley & Davis
45 Conduit Street, London W1R 9FB
Office Holder Number: 002388

LEGAL NOTICES

Company Number: 2570242
SLC ASSOCIATES LIMITED

We, J M Iredale and N J Vooght of Cork Gully, 9 Greyfriars Road, Reading, RG1 1JG hereby give notice that on 25th day of October 1991 we were appointed Administrative Receivers of the above named company by National Westminster Bank Plc under the terms of a debenture dated 23 October 1990 giving the holders a fixed and floating charge over the whole of the assets of the company.
J M Iredale
Joint Administrative Receiver.

ART GALLERIES

CONTRACTS & TENDERS

City of Westminster

FACILITIES MANAGEMENT

Applications are invited from suitably qualified organisations who wish to be included in a short-list of tenders for the provision of Facilities Management Services to the City Council. The support services to be managed under this contract cover a wide range of activities which include areas such as catering, cleaning, porters, messengers, security, postal services etc.

Companies should include with their applications:

i) details of any similar contracts, their type, scope and duration
ii) details of their overall turnover for the last three years highlighting the contribution made by contracts of this type
iii) copies of audited accounts for the last three financial years
iv) a concise summary outlining the main reasons why their organisation should be included in this initial short-list

Completed applications should be sent, in strict confidence, to:

The Director of Finance
Westminster City Council
PO Box 240
Westminster City Hall
Victoria Street
LONDON SW1E 6QP
FAO Mr. A Dimmock

to be received not later than 15 November 1991.

Munch et la France

There was a time, and not so long ago, when to be an artist was to feel the pressing need to be in Paris. Some stayed on for ever, some only for a few weeks and some came, went, and came again and again. Between the mid 19th century until the outbreak of the Second World War they were drawn there to satisfy a curiosity, and to further their education with direct exposure to contemporary art.

In 1988 the Musée d'Orsay mounted a remarkable exhibition, putting the work of Vincent van Gogh during the period of his first visit to Paris in the mid-1880s into the context of what his peers were doing at the time. Now, with *Munch et la France* (until January 5, then on to Oslo and Frankfurt: sponsored by the Fondation Elf), the museum does the same for the Norwegian painter, Edvard Munch – who, by coincidence, paid his own first brief visit to Paris in the spring of 1885. Here, too, was a painter at the outset of his career, another expressionist and symbolist from a northern country, with a darker palette and a sensibility to match, to be challenged and transformed.

But Munch was never to commit himself to France entirely. He responded thoughtfully to what he had seen, and his interest was reinforced by the exhibition of French art at Copenhagen in 1888. But it was not until the autumn of 1889 that he returned for a longer visit, and it was only then that his affair with France, such as it was, truly began.

For the next three years, on a renewable bursary, he spent his winters in France, at first in Paris and then, over 1891-92, at Nice, returning to Norway each summer. It is clear from the work of this period that he was looking closely at a wide range of current French painting, from Monet, Sisley and Caillebotte, to Degas, Lautrec, van Gogh, Redon, Gauguin and Bernard – and to Gauguin, perhaps, most of all.

There are moments when his own work, clearly made as a conscious variation, comes close to direct transcription: but never quite. Always there is a quality of mood, an intensity of feeling, that makes it his own. He was symbolist by instinct, and if his palette was lightened and his handling loosened by the example of the impressionists, it was the narrative and psychological possibilities of symbolism that ultimately intrigued him, morbid, melancholic or disturbing as they may be.

But where Gauguin achieves an elegaic resignation and monumental calm, with Munch all is movement, frenetic and unstable, the very ground shifting and writhing beneath the dancers' feet, the fire on the beach translated into the setting sun's fractured reflection in the water. Thus Munch keeps his distance and, in the end, rejects the advances of *la France*. Though he would return to her at intervals throughout his life, there were to be only two more extended visits, from 1896 to 1898, when print-making and the wood-cuts especially preoccupied him, and in 1903.

The reality which Munch chose to confront was that of the emotional life, never the observed reality of the visible world. Even in that early, impressionist view across the roofs of Nice at night, the image begins gently to rock and sway before our eyes. And so too, in 1906, as he looks down the dizzying fauve-like avenue in the snow. "Nothing is certain, nothing secure", he seems to say, unfauve-like, "and we are not put into this world for pleasure alone."

★

By the time of Munch's visit of 1903, Picasso at 22 was already a fixture in Paris which he, though come from the warm south, would leave only in old age. Here, of course, we have the great symbolist of the next heroic generation and symbolist he would remain. *Picasso: youth and beginnings*, at the Musée Picasso (until November 25, and then to Nantes) is a study of the earliest period of Picasso, from 1893 to 1905, seen through the intimate prism of his drawings. It is a most useful study to attempt. Picasso of the Blue and Rose periods is well enough known, Picasso the Prodigy still somewhat a creature of myth. We might now begin to see how the one became the other.

It would be unfair to criticise this small but fascinating show for not being something it never set out to be. But it was perhaps a mistake to set its term at the end of the Rose period, just as the work was turning towards *Les demoiselles d'Avignon*, for that transition has already been well explored. But then the earlier periods may be less substantial in the material to hand. So the real frustration is that it clearly demonstrates the need for as full a study as possible of Picasso in the years between 1899 and 1903, as he moved back and forth between Paris and Barcelona.

Picasso the child and student are less important. Studies are studies and time spent before the life-model or the antique are much of a muchness, as we see both here and in the Munch exhibition across the river. Picasso the student was clearly more than competent, as the drawings of his family demonstrate, but it is only with the break with his father and the academy, and the assertion of his independence, that the excitement starts.

This is not to deny the academic virtues, but it is both the freedom from them and the freedom they allow that, at this time, make Picasso so remarkable. There was nothing he would not try; nothing was sacred and no convention of finish, formality or resolution safe. It is in 1899, with his friends in Barcelona at *El Quatre Gats*, that his career begins – and so to Paris with his friend Casagemas in the autumn of 1900 and the true beginning.

William Packer

'A la Taverne', 1890 by Edvard Munch currently exhibited at the Musée d'Orsay

Opera on the road

Unlike its Welsh and Scottish counterparts, Opera North strays only rarely outside its designated territory. But the company spent last week in the deep south, taking over Glyndebourne for a short season. The repertory was a brace of its most enterprising Mozart productions: Paul Griffith's ingenious bicentenary *pasticcio The Jewel Box*, first performed in February and now by all accounts a little shorter and tighter than before, and Tim Albery's 1989 production of *La finta giardiniera*.

The *Finta* was salutary after Albery's grim, heavy-handed *Don Giovanni* for Opera North three months ago. The lightness of touch, inexhaustible humour and unfailing visual elegance (with designs by Tom Cairns at his most exuberant) conjure an absurdist world that seems precisely matched to the spirit and content of this early *dramma giocoso*. Any suspicions that Albery could not deal convincingly with broad comedy are dispelled by this staging, which is not afraid to recognise that this is a pretty silly story, full of inconsistencies and gaps in the dramatic credibility, which nevertheless touches upon themes and psychological insights that the mature Mozart would go on to explore with matchless profundity.

In Amanda Holden's sprightly English translation, equally unfazed by the nonsenses, and assisted by the judicious pruning of half a dozen arias, the opera moves along at a lively, always diverting pace. It was again conducted by Alan Hacker, whose rhythmic directness and clarity of texture sounded just a little brusque in Glyndebourne's dry theatre. Juliet Booth as the impossibly arrogant Arminda and Paul Nilon as her unfortunate fiancé Belfiore repeated their roles; the remainder of the first-rate cast were new to the production – Lynne Dawson's Sandrina, the disguised gardener of the title, moving beautifully and singing with wonderful ease and delicacy, Janis Kelly's deliciously spiteful maid Serpetta, Luretta Bybee's *travesti* Ramiro, Neil Jenkin's bluff, pompous Podestà, Richard Jackson's convincing but vocally uneven Nardo.

★

Meanwhile Glyndebourne's own autumn tour is out on the road. Alongside the *Jenufa* and new *La Bohème* already reviewed here, the programme includes *Così fan tutte*, in a scaled-down version (directed by Michael McCarthy) of Trevor Nunn's production first seen during this summer's festival. Visually it is certainly a tourist-class package, with Maria Bjornson's sets pared to a single static design that just about retains the original 1920s cruise-liner flavour.

Some of the unnecessary distractions remain, especially the elaborate pantomime during the overture as the passengers come aboard, though some of the more questionable sociological glosses of the original have gone. Fiordiligi and Dorabella are now placed very much among the same moneyed class as their fellow passengers and the Oxbridge hearties with whom they are unaccountably in love. But it remains a totally cosmetic translation, which reveals no more about the truths of the opera than, say, a *Figaro* set on Fifth Avenue or a *Magic Flute* on the Los Angeles freeway.

Musically everything is first rate. Claudio Desderi, himself an illustrious Glyndebourne Don Alfonso, conducts the first half of the tour and does it wonderfully, bringing life and purpose to every phrase, teasing out the inner voices in each accompaniment, never allow the music to dwell or linger. The onstage Alfonso is Andrew Shore, slyly manipulative, guardedly cynical, his helpless laboratory specimens Neill Archer, a forthright Ferrando, and Roberto Scaltritti, a slightly less imposing Guglielmo.

In a production that prides itself on such visual veracity the sisters surely look a little, ahem, mature to have such stupidly feckless suitors, but both Edith Prichard (Fiordiligi) and Marie-Ange Todorovitch (Dorabella) sing with a cool, studied elegance, even if the production only sketches their emotional switchback in barest outline. Brightest spark of all is Sarah Pring's feisty Despina, vivid in her arias and displaying a healthy contempt for the contortions of her betters.

★

The production of John Casken's *Golem* now touring as part of the Arts Council Contemporary Music Network is its third staging in just over two years. The first performance, directed by Pierre Audi, took place at the Almeida Festival in 1989 and last year Andrew Porter reported here on the American premiere in Omaha, Nebraska. In 1990 also the opera was awarded the first Britten Prize for Composition and the commercial recording that was part of the winner's package was released four months ago.

The new touring version, produced by Andrew Mackinnon for Northern Stage, retains much of the cast from the Almeida staging; Richard Bernas is again the conductor, though this time the instrumentalists are supplied by the Northern Sinfonia. Where Pierre Audi's approach been almost perversely abstract and purged the opera of all its trappings of period and place, the Mackinnon's unfolding of the myth returns it to its specific Jewish setting. Tom Piper's set of crumbling masonry really suggests a tightly knit community on the brink of extinction, and the narrative is made much easier to follow, and characters more crisply defined: in the retrospective Prelude the social status of the Maharal, the Rabbi who in his youth had created the Golem and witnessed the dreadful consequences, is perfectly clear, while the role of the counter-tenor Ometh as the wounded, destructive outsider is more telling than ever.

Yet such literalism does cost the opera some of its mystery. There were moments during the production's London stopover when one remembered wistfully Audi's glass-topped tables, his designer shirts and slacks, which for all their self-conscious modishness did spread their net and draw out the threads linking *Golem* to a whole bundle of European myths in ways that Mackinnon's emphasis on story-telling can only ignore. Yet the power of Casken's work is still first and foremost musicalits vivid invention and faultless proportions come first, well before the fine-drawn details of characterisation and the sureness of the dramatic make their marks.

All the performances are again splendid. Bernas's control of the score is as firm as ever, his teasing out of the muscular, lyrical lines always secure. Adrian Clarke's Maharal, compensating for lack of sonorous weight with intelligence and accuracy, and Christopher Robson's haunted, discomfiting Ometh fit as easily into this production as they did into the first. There is a new Golem, Stephen Richardson, who grades the creature's transition from insensibility to a kind of self-knowledge with great care, and musters a forbidding intensity. It all makes for a dramatic package that, however two-dimensional, is much more approachable and involving than before. There are opportunities to catch the production during November in Sheffield, Manchester, Huddersfield and Coventry.

Andrew Clements

Prokofiev Festival/The 'Suisse Romande'

ROYAL FESTIVAL HALL

The London Symphony has mounted a centenary Prokofiev festival, more ambitious than the Royal Philharmonic's cautious dip last winter. Rostropovich is conducting them in six more concerts, and the Guildhall School in three performances of Prokofiev's 1940 opera *Betrothal in a Monastery*. He plays in one of the five chamber concerts, too; there are also free pre-concert concerts in the Barbican foyer, and in the Barbican cinema several films with Prokofiev music, and other "events" and exhibitions.

Though all those are in the Barbican, the festival began on Sunday in the Festival Hall because of the intimidating forces required for both the "incantation" *Seven, They Are Seven* and the "concert oratorio" *Ivan the Terrible* that Stasevich cobbled together from Prokofiev's film-score for Eisenstein. We were suitably intimidated.

Seven, They Are Seven, composed in 1917 but scarcely ever performed, is a cousin to Stravinsky's 1911 cantata *Zvezdoliki*, which by a happy chance the BBC Symphony played here a fortnight ago. Each sets a brief Balmont poem, mystical and obscure, to starkly atonal music for chorus. Each is hyper-dense and supercharged, with an orchestra wildly disproportionate to the playing-time: less than five minutes for Stravinsky, about seven (appropriately) for Prokofiev – who demands not only a full chorus where *Zvezdoliki* uses just men, but a dramatic solo tenor too.

Here, that was Gegam Gregorian, an intrepid Armenian, with the London Symphony Chorus unfazed and in full cry. Whereas *Zvezdoliki* is stony and rapt, in *Seven*... the tubas howl and the percussion crashes while the voices shout hoarse repetitive chants. Prokofiev claimed later that he meant to express the spirit of 1917, that fateful year; in fact the piece conveys – and in sensitive listeners, probably induces – a sense of desperate, overwhelming anxiety.

The cinematic *Ivan* made a resounding impact, as well it might with devices like reinforcing bass lines by a drum-thwack on every note. In this 1988 American adaptation by Michael Lankester, the musical episodes are linked by narration – "altogether more terse" than in the Stasevich version, according to the programme-notes, but in fact overweeningly verbose and florid. Christopher Plummer delivered it with the unabashed gusto it needed. With further assistance from Tamara Sinyavskaya's ripe mezzo and the sterling Leiferkus baritone, Rostropovich turned the whole patchwork thing into lusty music-theatre. Not a patch, though, on Eisenstein's *Ivan* I and II: there, Prokofiev's score – purpose-built in every detail – fulfils the dramatic sense perfectly without independent pretensions.

★

Until their conductor Ernest Ansermet retired in 1968, the Orchestre de la Suisse Romande was an unequalled recording-orchestra in the French repertoire from the first half of our century. Though Ansermet had his personal quirks he instilled his non-virtuoso band with vital traits of style, when cosmopolitan bands were bent upon translating the most marketable French music into Hollywoodese. After his death, the Orchestre palpably sagged; but in 1985 they acquired Armin Jordan as their chief conductor – a proper Swiss, their first since Ansermet, and a musician with a proven sensibility in the Ansermet repertoire.

Last week they gave their first London performances in many years. Their Friday concert was peculiarly disheartening, enough to reinforce all the (politically incorrect) stereotypes of Swissness: reliable, stolid, imagination-free. The best things came first and last. At the start, in Frank Martin's spidery Concerto for seven winds, the OSR's wind-principals were smoothly expert in their testing individual turns. The "Second Suite" from Roussel's *Bacchus et Ariane* ballet – in fact the whole second act, intact – is designed to be automatically exciting if correctly played, which it was.

We needed that badly, after their glum renditions of Debussy and Prokofiev. In *La Mer* the playing was technically expert, but dogged and bland : no trace of solo imagination, no collective surges, no bracing splash of sea-spray. In Prokofiev's Violin Concerto no. 1, which makes essential room for aural magic, the orchestra was loud and literal while Young Uck Kim went through the virtuoso hoops with scruffy intonation – despite his brave fireworks in the Scherzo – and elsewhere broke the long, breathless tunes into note by note, *molto vibrato* swell-and-fade. *Not* stylish, and not much fun.

David Murray

Billy Bragg

TOWN & COUNTRY

Billy Bragg is a very unusual performer – a socialist with a sense of humour; a songwriter who sympathetically evokes working class life; and a powerful front man for a rock band.

There is still a bit of the East End curate in him, bribing in the local heathen with buns and cocoa as a reward for sitting through the sermon. In Bragg's case the preaching is about the political ills of the world and the treat is songs like "Sexuality" where the correct ideological position is conveyed in a catchy, singalong, style which gets everyone swaying in a communal solidarity absent during his lectures, when the noise from the bar seems to make an even louder political statement.

Bragg has toned down his propaganda in the last year, discovering that love is as potent a source material for songs as neo-Nazism, but he can still take himself seriously. He describes his conversion from solo crusader – a man, his socialism, his guitar – to singer in a band, as if it was the greatest career move since Dylan went down the same route. The Red Stars, tight, white, and strangely subdued, certainly add variety to Bragg's performance, while taking away some of the venom.

Events in Eastern Europe make it harder for Bragg to rail against the enemy these days, but he homes in on anti-racism as the next great cause. Naturally he has the perfect song to promote his views in "Accident waiting to happen". No contemporary artist can convey political sentiments in such a commercially attractive style; and none so loses the bite in the bile through dissipating his anger in a melody.

There are glimpses of tokenism about Bragg – the clenched fist, the references to Nicaragua – but he is too benign at heart to frighten Budleigh Salterton. His good humour even allows him to indulge a besotted fan who at every concert tries to clamber on to the stage like a bull walrus only to be thrown back by the waiting roadies. As these trappings of show business accumulate around Bragg he is in danger of becoming a popular entertainer rather than Neil Kinnock's lyrical conscience.

Antony Thorncroft

INTERNATIONAL ARTS GUIDE

TODAY'S EVENTS

ATHENS

Concert Hall 20.30 Ivan Fischer conducts the Budapest Festival Orchestra in Grischa Asagaroff's production of Cosi fan tutte, with a cast including Patricia Wise, Julia Hamari, Robert Swensen and Mikael Kraus, repeated on Thurs and Sun. (722 5511)

BERLIN

Staatsoper unter den Linden 20.00 Yehudi Menuhin conducts the Berlin Staatskapelle in symphonies by Mozart and Beethoven, plus Mozart's Piano Concerto K271 with Jeremy Menuhin. Tomorrow: Der Rosenkavalier with Anna Tomowa-Sintow as the Marschallin (East Berlin 2004 762)

COLOGNE

MUSIC

Philharmonie 20.00 Rudolf Serkin memorial concert: musicians from Marlboro USA play chamber music by Mozart, Dvroak and Adolf Busch. Thurs: Marjana Lipovsek and Ben Heppner sing Das Lied von der Erde. Sun: André Watts plays Mozart (2801)

Opernhaus 19.30 Lothar Zagrosek conducts Friedrich Meyer-Oertel's new production of York Holler's Bulgakov opéra Der Meister und Margarita, with Richard Salter and Marilyn Schmiege in the title roles, also Sat. Tomorrow, Fri and Sun: Gianfranco Masini conducts Simon Boccanegra, with Leo Nucci in the title role, Lyuba Kazarnovskaya as Amelia and Kurt Rydl as Fiesco (221 8400)

THEATRE

Schauspielhaus 19.30 Aristophanes' Lysistrate, directed by Torsten Fischer. Fri: Jean Genet's Die Zofen (The Maids). Sat: Odon von Horvath's play Der jüngste Tag, directed by Günter Krämer (221 8400)

Kammerspiele 20.00 Strindberg's Miss Julie. Fri and Sun: Brecht's Jungle of Cities. Sat: Arthur Schnitzler's play Miss Elsa (221 8400)

DRESDEN

This week's events at the Semperoper include Lohengrin tonight and Sat, with Klaus König in the title role, a new production of Lulu tomorrow and Joachim Herz's staging of The Love for Three Oranges on Sun. The Dresden Staatskapelle gives two Mozart concerts with Colin Davis in the Kulturpalast on Thurs and Fri (4842 731). On Sat and Sun in the Kulturpalast, Martin Tirimo is conductor and piano soloist in a Mozart programme with the Dresden Philharmonic Orchestra (4866 286)

FRANKFURT

Alte Oper 20.00 Auryn Quartet and Tabea Zimmermann viola play string quintets by Mozart. Tomorrow: piano recital by Andre Watts. Thurs and Fri: Dimitri Kitaenko conducts a concert with young soloists. Sun: Lieder recital by Brigitte Fassbaender (1340 400)

Oper The only performances this week are Eugene Onegin on Sat and Les contes d'Hoffmann on Sun (236061)

Jahrhunderthalle Hoechst Budapest Operetta Theatre presents Kalman's Die Zirkusprinzessin on Fri and Sat (3601 240)

English Theater Kaiserstrasse 20.00 Somerset Maugham's play The Constant Wife, directed by Martin Harvey. Runs till Nov 15. On Nov 22, the company presents Blood Brothers, a new musical by Willy Russell (2423 1620)

GENEVA

Grand Théâtre 20.00 Jesus Lopez-Cobos conducts Alain Marcel's production of Il barbiere di Siviglia, with a cast led by Vesselina Kasarova, Rockwell Blake, Patrick Raftery and Carlos Feller. Runs till Nov 17, with next performances on Thurs and Sat (212311)

GHENT

De Vooruit 20.00 Florian Heyerick conducts Jean-Claude Auvray's production of Il Ritorno d'Ulisse in Patria, with a cast led by Guy de Mey and Brigitte Balleys. Repeated on Thurs and Sat (252425)

LONDON

Covent Garden 19.30 Performances have resumed after the orchestra strike. John Dew's production of Les Huguenots, conducted by David Atherton, receives its delayed premiere tonight, repeated on Fri. Thurs: Fokine's Les Sylphides and three other ballets. Sat: David Bintley's Cyrano (071-240 1066)

Coliseum 19.00 Paul Daniel conducts Graham Vick's new production of Le nozze di Figaro, with a cast including Bryn Terfel and Joan Rodgers, also Thurs and Sat. Tomorrow and Fri: The Mikado (071-836 3161)

Royal Festival Hall 19.30 Vladimir Ashkenazy conducts the Royal Philharmonic Orchestra in music by Glinka, Grieg and Rakhmaninov. Tomorrow: Murray Perahia plays three Mozart piano concerts (071-928 8800)

Sadler's Wells 19.30 Company Karas in a full-length contemporary Japanese dance work by Saburo Teshigawara. Daily till Sat (071-278 8916)

NEW YORK

JAZZ

The Yellow Jackets are appearing every night this week at the Blue Note Jazz Club and Restaurant. The Yellow Jackets are Russell Ferrante (keyboards), Jimmy Haslip (bass), William Kennedy (drums) and Bob Mintzer (saxophones). Known for their catchy pop melodies with solid rhythmic underpinnings, the LA-based fusion quartet, formed in 1980, draws on R&B, jazz, pop and jazz-rock. Showtimes at 21.00 and 23.30. Next week: Larry Carlton (131 West 3rd St, 475 8592)

MUSIC

Avery Fisher Hall 19.30 Claus Peter Flor conducts the New York Philharmonic Orchestra in symphonies by Mozart and Mendelssohn, plus Siegfried Matthus' Timpani Concerto, with Roland Kohloff. Thurs, Fri, Sat and next Tues: Robert Shaw conducts choral works by Barber and Mozart (875 5030). Tomorrow in Carnegie Hall: Prague Symphony Orchestra (247 7800)

Metropolitan Opera 20.00 Julius Rudel conducts Die Zauberflöte, with a cast including Jerry Hadley as Tamino, Hakan Hagegard as Papageno and Hans Sotin as Sarastro, also Sat afternoon. Tomorrow and Sat evening: L'elisir d'amore with Luciano Pavarotti (362 6000)

PARIS

Théâtre des Champs-Elysées 20.30 Mark Morris Dance Group in Purcell's Dido and Aeneas, repeated tomorrow and Thurs (4720 3637)

Châtelet 19.00 Song recital by Thomas Allen, accompanied by Roger Vignoles. Tomorrow and Fri: Satie, Poulenc and Ravel stage works. Thurs: Francisco Araiza song recital. Sat: Kent Nagano conducts Gurrelieder (4028 2840)

Salle Pleyel 20.30 Pascal Verrot conducts the Ensemble Orchestral de Paris in music by CPE Bach, Mendelssohn, Petrol and Haydn. Fri in Salle Gaveau: Gerhard Oppitz and friends play piano quartets and quintets by Fauré, Schumann and Philippe Hersant (4561 0630)

PRAGUE

This week's events at the Smetana Hall include a concert tonight at 19.30 by the Czech Radio Symphony Orchestra conducted by Oskar Danon, with a programme including music by Janacek, Schubert and Franck. Tomorrow Arco Collegium gives a concert of baroque chamber music, and on Sun the Suk Chamber Orchestra plays music by Telemann, Stamitz, Mendelssohn and Bartok (Prasne brany 2, 232 5858). The National Theatre repertory includes Il barbiere di Siviglia tonight, Dalibor tomorrow and The Devil's Wall on Thurs. The Smetana Theatre has Entfuhrüng tomorrow and Sat, Rigoletto on Thurs and Madama Butterfly on Fri. Pre-booking at city centre ticket agencies (Bohemia, Na Prikope 16, 228738, or Melantrich, Wenceslas Square 38, 228714) and theatre box offices.

WASHINGTON

THEATRE

● The Women: an ageless revival of the Clare Booth Luce comedy of the 1930s, strongly directed by John Going. Runs till Dec 8 (Studio Theater, 332 3300)

● Two Trains Running: Pulitzer Prize-winner August Wilson continues his cycle of plays chronicling the experience of African Americans. Directed by Lloyd Richards. Opens tomorrow, runs till Dec 8 (Eisenhower Theater, Kennedy Center, 467 1600)

MUSIC

Kennedy Center Concert Hall 19.30 Cello recital by Matt Haimovitz, including Bach's Cello Suite No 3 and Britten's Suite Op 72. Thurs, Fri, Sat: James Conlon conducts the National Symphony Orchestra in Bruckner's Seventh Symphony and Mozart's Piano Concerto No 20, with David Golub (467 4600). The Washington Opera season opens on Sat with Don Carlo at the Kennedy Center Opera House (467 1600)

European Cable and Satellite Business TV

(all times CET)

MONDAY TO FRIDAY

Eurosport
0600-0630 International Business report

CNN
0730-0800 Moneyline
1230-1300 Business Morning
1330-1400 Business Day
2000-2030 World Business Today – a joint FT/CNN production with a review of business stories
2300-2330 World Business Today
0100-0130 Moneyline

Superchannel
2130-2200 (Tues) East Europe Report – weekly financial report from FTTV.
2130-2200 (Wed) FT Business Weekly - the latest round-up of business news with James Bellini and Debbie Middleton.
2130-2200 (Thurs) Talking Heads

Sky News
1200 International Business Report
1130, 1730, 2130, 0430, 0530 (Thurs) FT Business Weekly

SATURDAY

CNN
0730-0800 Moneyline
0900-0930 World Business This Week - a joint FT/CNN production
1540-1610 Moneyweek
1900-1930 World Business This Week
2110-2140 Your Money

SUNDAY

Superchannel
1800-1830 FT Business Weekly

Sky News
1330, 1630, 2030, 0030, 0230 FT Business Weekly

CNN
0710-0740 Moneyweek
1340-1400 Inside business
1540-1610 Your Money
1800-1830 World Business This Week
1940-2000 Inside Business

FINANCIAL TIMES
NUMBER ONE SOUTHWARK BRIDGE, LONDON SE1 9HL
Telephone: 071-873 3000 Telex: 922186 Fax: 071-407 5700
Tuesday November 5 1991

The road from Madrid

THE MAIN protagonists in the Middle East conflict have met, sat together, argued sometimes violently, returned to the table, and agreed to meet again. A year ago such prospects belonged to the world of fantasy, six months ago to the realm of wild optimism, and even a month ago as the still fanciful speculation of the most upbeat officials involved in the peace-making efforts.

Madrid was an achievement which its participants must never be allowed to forget and for which its co-sponsors, the US and the Soviet Union, should be warmly congratulated. Having got this far, after four decades of suffering and impasse, it would be intolerable for the process to collapse or be allowed to wither for lack of commitment, compassion or international assistance.

After Madrid, the Middle East looks a little different. It is not because any substantive concessions were made, but because mutual perceptions have been partially changed. There are now different faces on view and in prospect. Mr Yitzhak Shamir, Israel's prime minister, who insists he will not trade land for peace, and Mr Yassir Arafat, the PLO leader, whose efforts at moderation cannot soften his image in Jewish eyes, come from a background where flexibility and concession were not normal words in the political vocabulary.

But neither may now have the last or definitive word. The Palestinians have benefited notably from the more reasoned, better articulated exposition of their cause which was heard in Madrid. Israel must absorb the lessons if it wishes to compete effectively for international public opinion.

Political price

Syria, equally, must acknowledge that it will no longer be enough to enunciate a hardline position for domestic consumption when the next round of talks opens. The Madrid conference suggests that President Hafez al-Assad needs to be part of the peace process but he, too, must accept there is a political price to be paid.

If the next round of talks is to get under way soon some of the price needs to be paid in advance. As Mr James Baker, the US secretary of state, emphasised, there is an overwhelming case for unilateral initiatives which will encourage public opinion on both sides of the Arab-Israel divide. The most obvious and welcome would be an announcement by Israel of a halt to the building of settlements in the occupied Arab territories and the lifting by the Arab countries of the economic boycott against Israel. Neither gesture would be costly, would not prejudice the outcome of negotiations, or fail to demand a response from the other side.

Extremist response

Such measures will also be needed to offset the expected counterattack by extremists opposed to the compromises which become inevitable in a peace process. Arab radicals are likely to use whatever violent means they can to wreck the negotiations and it will be vital not to allow the crudeness of the provocation to prejudice what was achieved in bringing the parties to Madrid.

Opponents of the peace process in Israel, and those who have set their faces against any form of territorial concession, should also be in a better position after Madrid to reflect on what is at stake in Israel's relations with Washington. President Bush and Mr Baker made very clear in Madrid what they expected from the parties and it would be unwise for the Israeli government to assume that the $10bn it is seeking in loan guarantees to house Soviet immigrants will be forthcoming if further settlements are built in the occupied territories.

While Mr Bush may be running into difficulties over his management of the economy, his mastery of foreign affairs, underlined by the success of Madrid, makes him a formidable opponent for domestic pressure groups, particularly for those seeking additional funds. The Madrid conference has not only offered the first, still very dimly glimpsed outline of a Middle East peace settlement, it has also given the first hints of the costs of failure. None of its participants will be able to avoid responsibility for any failure to build on the foundations they have laid.

A watchdog calls the banns

NOBODY could accuse Britain's Building Societies Commission of a hands-off style of regulation. Indeed there are times when it looks more of a nanny than a watchdog. The commission's swift move to find a safe home for the Town & Country Building Society is a case in point. Until the commissioner, Mrs Rosalind Gilmore, invited representatives of the five largest societies around to her office at the weekend Town & Country had yet to declare a loss, and was regarded as one of the best capitalised of all the societies. Today it has fallen into the arms of the Woolwich to the accompaniment of press headlines that refer to a rescue rather than a marriage. In the absence of any hint of a run on deposits, was this really necessary?

A robust response might be that it was precisely the lack of such hands-on regulation that enabled the US savings and loan fiasco to reach horrific proportions. In a world where prudential supervision appears all too often to be three steps behind the market place, pre-emptive action has something to be said for it – especially when, as in the case of the building societies, a hitherto protected business is being subjected to liberalisation under the provisions of the 1986 Building Societies Act. By the time a run develops, it is anyway too late to do anything constructive.

Risk assessment

Nor, looked at from the opposite perspective, is there really room for a wholly free market solution. Small savers are simply not up to making sophisticated assessments of risk in bank balance sheets and the pre-electoral politics of bankruptcy in the building society movement preclude *laisser-faire* solutions. The big building societies also feel they have too much at stake in the continuing public perception of building society creditworthiness to stand idly by while avoidable failures occur.

But that really begs the question of whether Town & Country's goose was really cooked. The society's mistake was to over-expand in the heady credit climate of the late 1980s while failing to take out mortgage indemnity insurance on higher risk loans. But it still had reserves of around £150m at the last balance sheet date and derived more than 80 per cent of its funds from stable retail deposits.

Shotgun marriage

In the current year it is expected to lose up to £10m after making nearly £40m of provisions for bad and doubtful debts. Hardly an urgent financial plight. The society's members might well feel that this shotgun marriage deprives them of the more generous merger terms that might have been available if the management had been given more time to address its problems or to find a buyer from outside the building society fold.

The problem here is that outside bidders have almost certainly been prepared to look, but not to leap – though the members could reasonably argue that their interests would have been better served if the Building Societies Act's voting requirements on this score were less onerous. As for Town & Country's cushion of capital, it may look substantial relative to other societies, but the leverage in its balance sheet is such that the capital would be wiped out by a decline of only 8 per cent in the value of the mortgage loan book.

If the home loans market were about to take off again, that would not be a problem. But the market is flat, home ownership is at a peak and there is excess capacity in retail banking. The process of contraction in the building society movement has been under way for more than a decade and needs to go further. If one of the by-products of Mrs Gilmore's nannying is a swifter pruning of surplus capacity, so much the better.

Deregulation has transformed the market in which the societies now operate and management is confronting difficult and unfamiliar challenges. Even allowing for the continuing constraints on diversification imposed by the Building Societies Act, it is a high-risk environment. Against that background, the interests of depositors will not be damaged by prudential marriage broking by the commission.

The future of small building societies is clouded by uncertainty, says **David Barchard**

Big fish to the rescue – for now

There is nothing glamorous about the the Building Societies Commission, supervisor of UK building societies. It is housed in a supremely undistinguished 1950s concrete building on Great Marlborough Street, close to Oxford Circus in the centre of London. Working hours are typical of most public officials.

But this weekend the commission's HQ was packed. Its investigators had discovered that one of the 20 biggest building societies was on course to make a substantial loss for the year.

Mrs Rosalind Gilmore, the Building Societies Commissioner, knew something had be done to prevent a crisis of confidence among Town & Country's 222,459 savers who have an estimated £1.65bn invested in the society's accounts. Though T&C's directors had for some time been negotiating a merger with Bank of Ireland, the second-biggest Irish bank, its future was now out of their hands.

On Sunday afternoon, Mr Ian Bell, T&C's managing director, was summoned to Great Marlborough Street, to be informed that Woolwich, the fourth-largest building society, had been persuaded to absorb T&C's 78 branches and £2.2bn of loans and other assets.

All that remained was to issue a press release yesterday announcing merger negotiations had begun – a euphemistic way of saying that the Woolwich was rescuing the society.

The problems at T&C come against the background of the most severe recession in the UK housing market since the second world war. Mortgage lending, traditionally regarded as among the safest forms of lending, has been the undoing of several financial institutions.

T&C, with £1.8bn of mortgages on its books, is the third society this year to surrender its independence at the behest of the commission, and by far the largest. Earlier this year, Leamington Spa, the 20th largest society with assets of £1.4bn in 1990, agreed to merge with Bradford & Bingley after making a £3.9m loss. Cheshunt, a smaller society with assets of £419m, is in the process of being taken over by Bristol & West.

All these mergers were made necessary by heavy losses on mortgage lending, the traditional activity of building societies, rather than on new activities such as estate agencies, credit cards and commercial lending made possible by the 1986 Building Societies Act.

The commission has, however, policed these new activities effectively and prevented societies from becoming over-exposed to them. The losses from diversification are insignificant compared with the provisions societies are making this year to cover the risk of losses on mortgage lending.

The mortgage market is littered with casualties. Most have been among the unregulated mortgage lending companies which entered the UK housing finance market during the 1980s housing boom.

Some have already disappeared. Mortgage Express, a rapidly-growing mortgage company of the late 1980s owned by the TSB, was shut down earlier this year. Others are trying hard to exit from the market. About 20 mortgage portfolios, among them that of Canadian Imperial Bank of Commerce, once a star of the mortgage markets, have been up for sale for more than a year.

On Friday this week another former mortgage market star, National Home Loans, will announce heavy losses, perhaps as high as £60m, during 1991.

Mr Adrian Coles, of the Council for Mortgage Lenders, blames much of the industry's problems on the sharp and sudden increase in interest rates from 1988. "The rise was unprecedented in its steepness."

The hardest-hit lenders are in the south-east where the fall in the housing market has been most pronounced. These lenders had tried to expand rapidly in the 1980s. The centralised lenders – foreign banks and mortgage companies with no branch networks – which raised funds at market rates from the money markets, were hard hit by the rise in interest rates. Large building societies, in contrast, had more of a cushion, since many of their funds came from savings accounts paying considerably less than market rates.

Some smaller building societies – Walthamstow, Peckham, Town & Country were among the best-known – paid higher interest rates to their depositors, but also charged correspondingly higher rates to their mortgage customers. Inevitably, however, customers unable to borrow mortgages at the cheapest rates tend to be less credit-worthy. When the housing market deteriorated, these customers had difficulty keeping up payments.

Town & Country was undermined by several other weaknesses. About 70 per cent of its mortgage business came not through its branches but from financial intermediaries such as insurance salesmen. Mortgage business of this sort is about three times as likely to come unstuck as mortgages sold through branches, according to Mr John Wriglesworth, an analyst at UBS Phillips & Drew, the stockbroking firm.

T&C was also one of only two societies in the top 20 which did not take out external insurance to cover a portion of the risk of mortgage losses. The other was Nationwide. Mr Wriglesworth says T&C's average loss on a repossessed home is therefore twice the level of that of other societies.

So there is evidence to suggest that T&C is not the harbinger of a general crisis in the building society industry. Several societies look as if they may be on course to post losses during the current year, but they are small.

"There are strains on the industry but I think they are tolerable. We can cope with our downturn better than the banks can," says Mr David Gilchrist, Halifax group general manager. Mr Wriglesworth agrees: "There will not be any more losses among the top 20 societies."

Not all industry observers are quite so optimistic. "The smaller societies are largely one-man bands. Until now they have been protected from the consequences of their mistakes by the continual rise in housing values. I think there will be a whole queue of societies looking for new owners, more than half a dozen. When a much larger society needs a friend, the real problem will come," says one mortgage market specialist.

Earlier this year building societies believed that a cut in interest rates might stimulate an early recovery of the housing market. Now the year looks like ending without any such recovery. A growing volume of repossessed homes is steadily depressing the market further.

By the end of this year 85,000 homes will have been repossessed from customers unable to pay their mortgages. These houses will be sold at knock-down prices, more than mopping up any new demand appearing in the market because of interest rate cuts. Nor are these repossessions the end of the story.

An estimated 250,000 home-owners will also, by the end of the year, be more than six months in arrears with their mortgage payments. Most are likely to become repossession cases in due course. In the past these borrowers would have been able to sell their house as soon as they got into difficulties: in the present UK housing market, even distress sales at reduced prices are often impossible.

The large societies remain confident. Halifax made record provisions against bad debts of £123m in the first half of the year, but its profits were still up from £285m in the first half of 1990 to £307m this year.

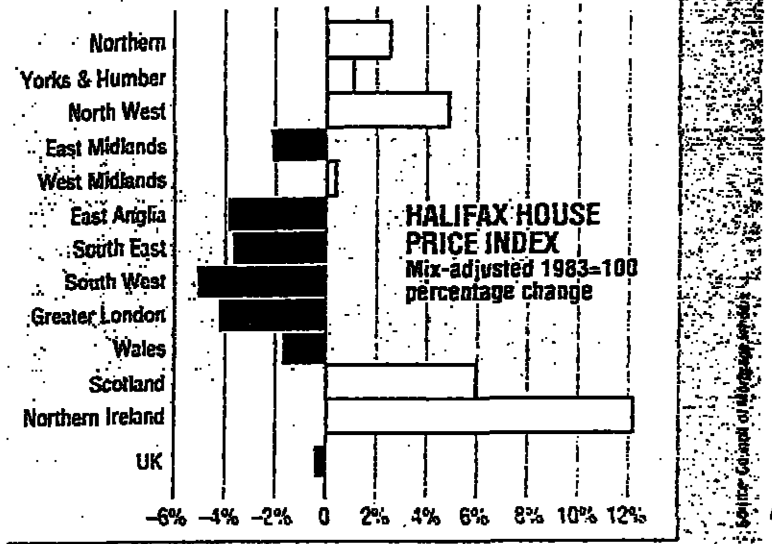
A similar pattern of improved profits despite increased bad loan provisions is expected from Leeds Permanent, the fifth-largest society, when it announces its 1991 results – the first from any society – on Friday.

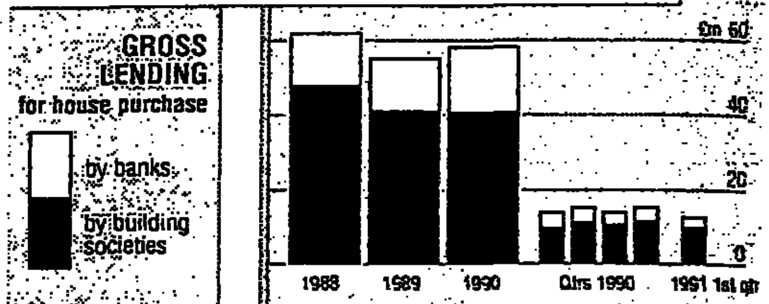
It is the future of the smaller building societies which is surrounded by uncertainty. There are now 95 building societies compared with 273 in 1980. Only the top 25 have assets of more than £1bn. Most of the smaller ones are strongly capitalised and their financial performance is monitored each month by the commission.

How fast can rationalisation be expected?

"I think the industry has a considerable capacity to rationalise itself. It will take the form of a lot of mergers of the very small societies. In one region there are 20 societies with less than £500m assets. It is only natural for them to join forces," says Mr Gilchrist of the Halifax.

At the moment, the *esprit de corps* in the industry is such that when a society runs into difficulties, the commission has little difficulty persuading one of the big societies to swallow it. But with competition increasing, they may not remain so amenable.





A shifting reputation

From its modest headquarters in the Strand, Town & Country carved out a reputation for itself in the 1980s as a fast-moving, medium-sized society, determined to grow, writes David Barchard.

But it was a reputation that crumbled rapidly when interest rates rose and the housing market went into depression.

Town & Country's historical roots go back to 1848 and the Midlands, but the present society dates from 1975 when it was formed out of a patchwork of mergers of smaller societies.

By 1988, and the height of the housing boom, the society seemed to have achieved its ambition. Its assets had grown from £320m in 1980 to £1.4bn and it had carved out a place for itself among the top 20 societies by size.

Under Mr Joe Bradley, who left the society in the summer of 1987 to become the general manager of Prudential Property Services, the ill-fated estate agency operation of the Prudential Group, the society tapped the buoyant housing market in London and the south-east.

It was fairly generally known in the building society industry that the quality of Town & Country's mortgage business was not always as good as that of some of its competitors, but while interest rates remained low, the society looked as if it had taken a gamble in a rising market and won.

Unlike the larger societies, which were trying to compete with the high street banks, retail banking operations were less important to Town & Country than the need to compete against specialist new mortgage lenders set up by foreign banks and insurance companies.

These new competitors had invaded its home markets in the south-east in the 1980s. Town & Country's strategy was directed at keeping abreast with them selling mortgages through insurance companies.

While other societies rushed to diversify, Town & Country remained mainly focused on the mortgage business, largely avoiding involvement in lines of business, such as commercial lending, which burdened its larger competitors. An exception was a decision to launch a small Visa credit card operation, which now has 40,000 card holders. It also went late into the estate agency business and so avoided losses which plagued bigger societies.

However, when the housing market changed, Town & Country, like its mortgage company rivals, incurred heavy arrears in its portfolio. Its profits tumbled from £36m to £19m in 1990 after it was forced to make provisions of £11m against loan losses. This year provisions against losses look set to rise towards £40m, pushing it into a probable loss of more than £7m.

Though this was only a fraction of its total reserves of £150m, at this point the industry watchdog, the Building Societies Commission, decided to step in.

OBSERVER

Lilley shows up

■ If Britain's bashful trade minister Peter Lilley is not remembered for anything else, he has ensured himself a footnote in history by being the first trade and industry secretary to put in an appearance at the Confederation of British Industry's conference.

There have been 15 UK trade secretaries since the CBI first started its annual shindigs in 1977, and their names are even more forgettable than the long list of CBI presidents and director-generals. But Lilley did his best to get himself remembered by cracking a few jokes at his own expense.

Referring to a recent successful trade mission to Latin America, he quipped "I might be unknown at home but I am a household name in Venezuela". And, alluding to the rapid turnover in his predecessors, he said he was glad the organisers had taken the "precaution of inviting Michael Heseltine as well, just in case."

While he was well received, however, the odds are against Lilley being called on to address next year's CBI conference, even if the Tories win the election. The turnover rate in this job is just too high.

Deep rooted

■ Ultramar's circular to shareholders rejecting Lasmo's advances omits one colourful tidbit. Not only are the chief executives of the two companies on opposite sides of a hostile takeover bid, but they also face each other across the deep divide of Canadian history.

Both Lasmo's chairman Chris Greentree and Ultramar's chief executive Jean Gaulin are Canadian. There, however, the similarity ends.

Greentree has his roots in the prairie province of Saskatchewan and spent most of the 70s working for Ranger Oil, the nimble-footed Calgary-based energy group.

Gaulin, on the other hand, hails from French-speaking Quebec. He was educated at the prestigious Saint-Jean military college, and later played a pivotal role in building up Ultramar's Montreal-based business, which now makes up a big chunk of its worldwide assets.

Gaulin and his colleagues are banking on some support from Quebec in their campaign to see off Greentree. The Quebec government, ever keen to beat the drum of economic nationalism, is quietly being reminded that a new owner of Ultramar Canada may not have the province's interests as much at heart when it comes to new investment.

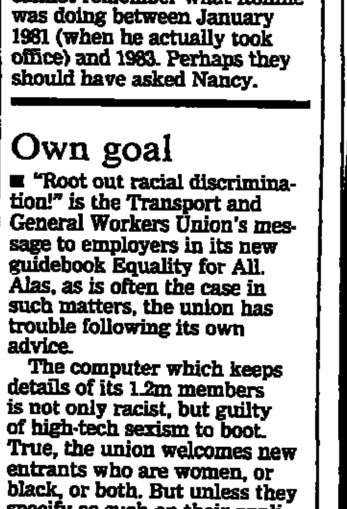
Tall idea

■ Xenova, a leading British biotechnology company, seems to be testing a height enhancement hormone on its own staff. Under the heading "People", its 1991 annual report says: "Our human resources have grown in stature and in number... There have been distinguished developments and personal growth in many of the individuals in the company."

Ripe old age

■ One of the lesser-known incidents of the First World War was the great cheese crisis. To be strictly accurate, it was a crisis which never was, thanks to the timely action of the British government and the response by a Danish company at a time when it was feared that Britain's food supply could be cut off by German submarine warfare.

It so happened that then, as now, much of the world's cheese was made with the help of an enzyme produced from the stomach of calves – these days it can also be made by genetic engineering – by the



Danish company Christian Hansen's Laboratorium.

In the autumn of 1916, says CHL's current managing director, Steen Engel, the British government was so concerned at the threat to the supply of the vital ingredient that it asked CHL to set up a plant in the UK.

The company complied, and the plant was opened on November 5 1916, exactly 75 years ago, an anniversary which is being duly celebrated at CHL's plant in Reading today. CHL, meanwhile, has gone from strength to strength, with a turnover of over £100m and plants in 25 countries supplying enzymes for the manufacture of more than 1,000 different types of cheese.

Absent minded

■ Ronald Reagan is renowned for his poor memory – and the problem, it seems, is catching. A Newspaper Publishers Association blurb at the weekend, showed a picture of the ex-film cowboy in an Albany Life ad. "This newspaper advertisement was first seen in 1983. Shortly after Mr Reagan became Mr President", the NPA proclaimed.

So it seems the association cannot remember what Ronnie was doing between January 1981 (when he actually took office) and 1983. Perhaps they should have asked Nancy.

Own goal

■ "Root out racial discrimination!" is the Transport and General Workers Union's message to employers in its new guidebook Equality for All. Alas, as is often the case in such matters, the union has trouble following its own advice.

The computer which keeps details of its 1.2m members is not only racist, but guilty of high-tech sexism to boot. True, the union welcomes new entrants who are women, or black, or both. But unless they specify as such on their application forms, the computer automatically registers them as white and male.

The institutionalised discrimination machinery has distorted the membership figures in some curious ways. A TGWU official said: "We thought there was something funny going on when three-quarters of the home helps in Ireland appeared from the computer records to be male."

Fan dance

■ News that the last Kuwaiti oil fire has been snuffed out reminds Observer of the two oil-workers in a bar arguing whether the man drinking beside them is Red Adair.

"He's my hero, but I can't really believe it's him," says one. "Let's check," says the other and turning to their neighbour asks: "Aren't you Red Adair?"

"Yup," replies the great man. "I am."

Whereupon the hero-worshipper grabs him enthusiastically by the hand. "I'm a life-long fan of yours," he gulps. "Tell me, how's Ginger Rogers?"

Yugoslav republics face stiff sanctions if they do not accept an EC settlement, says **Judy Dempsey**

Last hope for a lasting peace

Mr Slobodan Milosevic, the president of Serbia, will today make one of the most important decisions of his political career: he will have to decide whether to accept a European Community proposal which will transform Yugoslavia into a loose association of independent states.

If he rejects the plan, the EC is prepared to impose sanctions on Serbia and any of the other five republics which side with it. If he accepts, his political credibility among Serbs will plummet. Mr Milosevic is now looking for forces inside and outside the country to keep him in power. His choice is not clear-cut: rejection of the EC plan would also eventually prompt international recognition of Croatia and Slovenia; acceptance could unleash further nationalist forces inside and outside Serbia.

The EC has been unable for the past five months to implement any kind of lasting ceasefire in Yugoslavia. Today's meeting between the presidents of the six republics and Lord Carrington, chairman of the EC-sponsored peace conference, is a last-ditch attempt to forge a settlement.

The plan has several strands. First, it entails imposing sanctions – withdrawing all financial assistance, aid, credits, loans, preferential tariff agreements and most trade with Yugoslavia as a whole, as well as the exclusion of Yugoslavia from the Gatt. Second, it envisages seeking support from the UN for an oil embargo. This would particularly affect Serbia, which depends on the Soviet Union, Romania and China for its oil supplies. Once sanctions were in place against the whole country, economic relations would be progressively renewed with individual republics that accept the EC proposals – leaving Serbia, if it continues to reject them, completely isolated.

This is a scheme of formidable complexity, which will require detailed monitoring mechanisms throughout Yugoslavia. For sanctions to work, full support from the EC, the US, the Soviet Union, all the countries of eastern Europe and Austria is crucial. All provide essential raw materials – for example, west Germany and Austria provide spare parts, white goods and cars – for the Yugoslav economy. The EC nations together account for more than 60 per cent of the country's total imports.

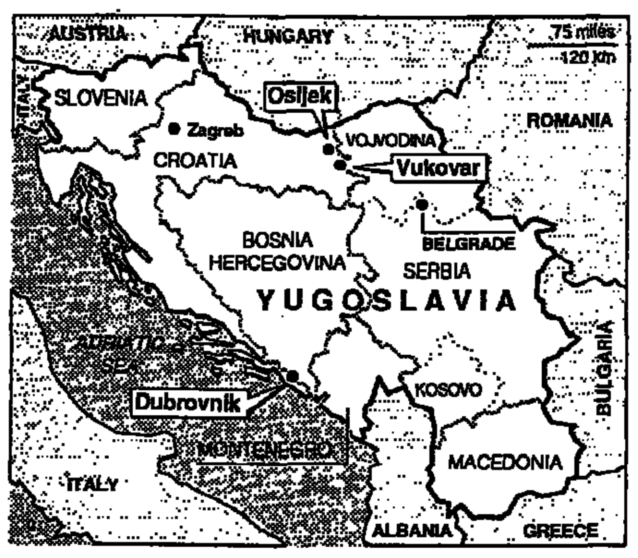
Confronted with today's ultimatum, four of the republics – Slovenia, Croatia, Macedonia and Bosnia-Hercegovina – are likely to accept the plan. Even the small southern republic of Montenegro, so long an arch-supporter of Serbia, appears to be ready to accept an EC-mediated peace.

The obstacles lie in Serbia. For several months, Mr Milosevic and the federal army fought hard to prevent the breakaway republics of Slovenia and Croatia from gaining international recognition of their independence, declared on June 25.

Mr Milosevic argued that ethnic Serbs, who make up 12 per cent of the 4.5m-strong population of Croatia, would be discriminated against in an independent Croatia. For its part, the federal army wanted to keep the territorial integrity of the Yugoslav federation intact largely because the army's entire *raison d'être* depended on maintaining the federation. But the more Mr Milosevic and the army attempted to cow Slovenia, and later, Croatia into submission, the quicker the federation collapsed and international pressure for recognising Slovenia and Croatia increased. "We will, inevitably, be pushed into recognising these two republics, sooner or later," said one EC official.

An EC decision on recognition could be temporarily postponed if Mr Milosevic does accept the peace plan. But his room for manoeuvre is limited. Whichever way Mr Milosevic turns, he will face formidable opposition. "Milosevic wants to stay in power. He is looking for support from Europe. If he accepts the plan, he will be accused by many Serbs of selling Serbia out to European pressure. If he ignores our threats of sanctions, his position will be even more untenable. Sanctions will eventually break the back of the Serbian economy and his power base," added the EC official.

Even without the imposition of sanctions, the violence that has wracked the country has taken its toll. It takes several hours to queue for petrol in Belgrade, the federal and Serbian capital. Large sections of industry are at a standstill, with production down by more than 35 per cent this year. The printing of money to pay workers, army reservists, and the Serb-dominated federal army,



is pushing up inflation, now running at more than 500 per cent a year.

"Sooner or later, the workers will take to the streets," one western banker said. "However, we must not underestimate the anti-Europe feeling in Serbia. Serbs might rally around Milosevic and make him their anti-hero.

The problem for EC monitors in Yugoslavia and for their colleagues in The Hague is that Mr Milosevic – in a departure from the pattern of the past four years – no longer completely controls the political agenda, either in Serbia or elsewhere in Yugoslavia. The war has irrevocably changed the country.

'Sanctions will break the back of the Serbian economy and Milosevic's power base'

Since June, several thousand people – unofficial estimates suggest as many as 5,000 – have died in the fighting in Croatia. Serb doctors say the federal army, instead of bringing its dead to the mortuaries in Belgrade, has kept its bodies in agricultural refrigerators in the northern province of Vojvodina. The real casualty figures are kept secret.

Entire towns and villages throughout Slavonia, in eastern Croatia, have been flattened. More than 100,000 refugees – Croats and Serbs – have sought safety in Zagreb, the capital of Croatia, in Serbia, and in neighbouring Hungary and Austria. The Slavonian city of Vukovar has been under siege for more than 70 days. The medieval city of Dubrovnik has been bombarded for the past month.

This catalogue of violence and destruction has snuffed out the voices of moderation. Serb and Croat paramilitary units are acting independently, outside any central control in Croatia. Local commanders in the Serb-dominated federal army, sensing its days are numbered, are launching what appears to be their final offensive against Croatia. The republic is seething with a desire for revenge. In Serbia, many young men have gone into hiding or abroad to dodge the compulsory call-up.

"I wonder if the EC has any idea about the depth of hatred and revenge between Serbs and Croats. It will be almost impossible for Croats and Serbs to live together again," a Croat sociologist said.

"The EC and the US kept turning a blind eye to Milosevic. The longer he stayed in power, the more he radicalised almost every ethnic group in the country. The EC must not appease Milosevic," he added.

The EC failed to grasp the magnitude of Mr Milosevic's goals when he set out last Easter to realise his grand scheme: to create a greater Serbia out of Croatia and Bosnia. Backed by the federal army, he encouraged the emergence of Serb nationalists in Croatia and in Bosnia. Today, he no longer controls the forces he let loose. Mr Milan Babic, a dentist who is head of the Serb community in the self-proclaimed region of Krajina, south-west Croatia, is determined not to live in an independent Croatia; while Mr Radovan Karadzic, a psychiatrist who heads the Serbian community in Bosnia, last week came close to saying Mr Milosevic would be a traitor if he accepted the EC peace plan.

Thus, if Mr Milosevic bows to economic pressure from The Hague, the sigh of relief among EC officials could be followed by a sharp intake of breath: the EC could have to confront even more zealous Serb leaders than Mr Milosevic. That is why today's decision may not prove final, either for Mr Milosevic, or the EC.

To accept the EC ultimatum, and to survive politically, Mr Milosevic will have to seek assurances from the EC that the rights of the Serbs outside Serbia will be protected. "He has to be able to sell this plan to the Serbs when he goes home," an EC monitor said.

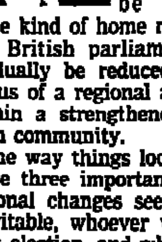
He may find that difficult. "In all honesty, I doubt if Mr Babic [head of the Serbs in Croatia] will settle for this EC plan," a senior Bosnian official said. "Nor do I think that Milosevic will be able to rein in the nationalist Serbs in Croatia and Bosnia. Moreover, if the EC also demands rights for the ethnic Albanians in Kosovo, this will infuriate many Serbs in Serbia itself."

An EC monitor in Croatia yesterday added his doubts about the success of the EC peace plan, and of the proposed sanctions. "If Serb-inhabited enclaves in Bosnia or Croatia reject the plan, but Milosevic goes along with it, will the EC then slap sanctions onto the whole of Croatia and Bosnia? You cannot draw demarcation lines within a republic to impose sanctions," he said.

A senior east European diplomat says the EC's shock plan is what is needed, but goes still further: "Cut off all diplomatic relations. Close the air space. Impose sanctions throughout the country. That is the only way to defeat the army and the nationalists. It is time the EC started negotiating from a position of strength."

Joe Rogaly

A Tory vacuum



Yes, we will have an independent central bank, even if it is a European model. Yes, Scotland will be given some kind of home rule. Yes, the British parliament will gradually be reduced to the status of a regional assembly within a strengthened European community.

The way things look today, these three important constitutional changes seem to be inevitable, whoever wins the next election, and whether or not agreements on political, economic and monetary union are signed at Maastricht next month. Let me explain.

First, the bank. Neither Mr Norman Lamont, the chancellor, nor Mr John Smith, his Labour shadow, favours an independent Bank of England. Yet the current draft treaty on economic and monetary union, of which both sides approve, will give a huge impetus to the argument for independence for the British central bank whether or not that turns out to be a stepping-stone towards a Eurofed. As for a Eurofed, a period of Whitehall delay before signing on to a single currency (if there is one) would be just that – a delay.

Next, Scotland. If Labour wins, it will legislate for a Scottish parliament with its own tax-raising powers. If the Conservatives win on a low overall majority, which is the best they can hope for, they will have only three or four Scottish MPs left. The polls suggest that they will lose Kincardine & Deeside to the Liberals on Thursday. That would bring them down to nine out of 72 Scottish representatives. England cannot indefinitely rule Scotland against its expressed will. Some of the Tories know this in their hearts; it is a fair bet that they will release Scotland when the general election is over, at the price of reducing the number of Scottish MPs at Westminster.

Finally, Europe. The volume of directives emanating from Brussels is likely to keep on expanding. This will be true whether or not we agree to a new political union treaty this year. Anyhow, no agreement in 1991 does not preclude one in 1992 or later. Whatever its merits, any such treaty will mean one thing: more Brussels.

We also know what that entails. The big decisions are taken by councils of ministers, negotiating in secret. The detailed decisions are taken by officials, negotiating in secret. There is no genuine scrutiny at Westminster or anywhere else. Something will have to give. One suggestion is that an elected upper house, a replacement for the Lords, could become Britain's scrutineer. The likely European route is an enlargement of the powers of the parliament at Strasbourg. Then the case for a proportional system of electing Britain's representatives to that parliament will become harder to refute.

This short list of three near-certain developments should make it plain even to the Tories that talk of constitutional reform is no longer the monopoly of the chattering classes. Nor does reform depend upon hung parliaments, sudden conversions to true democracy of entire political parties, backbencher altruism, or any other unlikely story. Give Scotland an assembly, the Bank of England its head and Strasbourg and Brussels an enlarged competence, and you have revolutionised the Westminster constitution.

Whatever its merits, any such treaty will mean one thing: more Brussels

The question is, how? This was discussed in Manchester at a weekend convention organised by the pressure group "Charter 88" and The Independent newspaper. The meeting had a good turnout – nearly 1,000 people in a full hall on the afternoon Australia beat England to take the rugby crown. Its platform included the wacky left, in the form of Mr Tony Benn; Liberal Democrats; influential Kinnockites like Ms Patricia Hewitt; Mr Ferdinand Mount, a former head of Mrs Margaret Thatcher's policy unit; and, from the free-market Institute of Economic Affairs, Mr Frank Vibert.

There could be no consensus between people coming from such different ideological backgrounds, yet the sense of the meeting was that the locus of government power should be moved from its present base – a ramshackle collection of historic conventions – and codified into a new fundamental law. The constitution, rather than the Crown, or parliament, or history, would be the guarantor of a political level playing field. Europeans and Americans think like that. Most British politicians do not, or will not .

The Conservative party, which should be working to strengthen individual political rights, is almost wholly preoccupied with the preservation of its own power, which is one reason why it deserves to lose it. The Labour party is a more complicated story. Pressure groups such as Charter 88 and the Labour Campaign for Electoral Reform have created a groundswell of opinion in favour of a whole menu of constitutional change. The party leaders have responded by agreeing to some items and hinting at openness to argument on others, while steering clear of anything that might seriously limit the power of a Labour prime minister to sit on the throne of Britain's elective dictatorship. To true democrats, it is a confidence trick.

Labour's deputy leader, Mr Roy Hattersley, is unashamed of this. He argues that constitutional reform is fine if it promotes his version of socialism. "Socialists cannot vote for continuity until a socialist society has been established," he argued in last week's New Statesman & Society. Mr Hattersley is probably the best single reason for not trusting Labour's claim to have become the party of constitutional reform – and therefore for not trusting Labour.

The Tories reject everything, even a freedom of information law, for which a draft bill was published by campaigners yesterday. What do they have to hide? It would be easier to respect the Conservatives' thought processes if, individuals like Mr Mount apart, they showed the slightest sign of understanding the nature of political liberty, and the constitutional measures necessary to reinforce it.

LETTERS

Manufacturers' real position

From Mr Andrew Sentance.

Sir, In describing (Letters, October 28) the UK's recent manufacturing performance as "dismal", John Wells compares manufacturing output at the peak of a previous economic cycle (1979) with its level in the current trough. He must surely recognise that this says very little about the underlying trend. It simply reflects excessive volatility of the economic cycle with which UK manufacturers contended in the 1970s and 1980s.

To gain an impression of the underlying position, the CBI manufacturing advisory group report, "Competing with the world's best", compares UK manufacturing performance with other leading industrialised countries. Over the decade 1980-1990, UK output growth was more rapid than that in France and Italy and in line with West Germany. UK manufacturing growth was outpaced, nevertheless, by Japan and the US. However, the growth of manufacturing productivity over the same period exceeded all other major countries, matching productivity growth in Japan.

While this is no ground for complacency, it represents a remarkable turnaround from the late 1970s: UK manufacturing output declined between 1975 and 1980 by 1 per cent per annum when other major economies achieved growth of 3 to 7 per cent. Many of John Wells' figures reflect the legacy of this period – and the many decades which preceded it – from which UK manufacturing is only now recovering.

Andrew Sentance,
director of economic affairs,
CBI, Centre Point,
103 New Oxford Street, London

Right spirit

From Mr C Mosseri-Marlio.

Sir, To synchronise the English and French abbreviation for the EEC and EFTA agreement just signed, I suggest the initials used to be EEE. In English this would mean European Economic Entity; and in French, Espace Economique Européen.

This would be in the spirit of the Ecu and Concorde.

C Mosseri-Marlio,
"The Travellers",
25, Avenue des Champs Elysées,
Paris, France

Shareholders must show the will to be effective

From Mr Donald B Butcher.

Sir, You continue to devote generous space to the topic of corporate governance. Lord Ezra's letter (October 31) was a further notable contribution. One of his points was that the "companies acts are noticeably deficient in any reference to the functions of directors".

I am a shareholder in Ultramar trying with some difficulty to maintain my belief that private shareholders are actually rather important building blocks in the democratic process. Here we have the directors of a plc whose main function evidently was to lose money hand over fist. They paid themselves £4m in aggregate in the last reported year – to my knowledge one of the highest rewarded plc boards. This level of reward motivated them to achieve a return over a decade less than that which the shareholders could have obtained from investing in a building society. Now they are resigning in droves with what are reported to be unbelievably rich severance packages.

The shareholders hold the company's equity but there doesn't appear to be much equity attached to the board's emoluments or their severance packages. Any "equitable" arrangement would have the board paying the shareholders a handsome sum to allow them to go quietly. A train driver who goes into the buffers gets sued. How come directors can do the same and get handsomely rewarded? Lord Ezra's point is nicely made.

The best thing the newly reconstituted Wider Share Ownership Council could do is to educate and train private shareholders in their ownership role. The government seems interested only in flogging shares to people and curiously uninterested in advising them about the responsibilities which go with share ownership. Corporate governance will improve when we have better trained private shareholders voting at annual general meetings on resolutions which record the performance and rewards of directors against targets agreed by shareholders. It could be easily done if the will were there.

Right now the private shareholders of Ultramar have to find a way of making their views effective. Can we hope that Count Alexei Orloff is a shareholder and will wish to earn a further set of spurs riding to the rescue...?

Donald B Butcher,
12 Burgh Heath Road,
Epsom, Surrey

Sugar quota needs no increase

From Mr Paul J Mirsky.

Sir, We must take issue with David Richardson's case for an increased UK beet sugar quota (Commodities, October 29).

UK beet production from the A-B quota and output of the two UK cane refineries which, under the Lome Convention, import and refine cane sugar from developing, mainly Commonwealth, countries are equal to UK consumption.

The UK food processing industry, in addition to buying sugar from UK beet and cane sources, imports over 125,000 tonnes per year from the EC. There is capital invested in the infrastructure for some of these imports and UK sugar buyers have always wanted to maintain a third source of supply for reasons of security and price competition. As a result there is a large annual surplus of sugar in the UK which must be exported, and is available to meet any increased UK needs. Tate & Lyle Sugars would be delighted to meet any increased domestic demand by reducing its exports.

There is no justification for an increase in total beet quota from the Community or any individual country. Any increase would cause the EC to fail to make the greatest use of the opportunity of the up-coming sugar regime review to deal with the large surplus of community sugar overhanging the world market.

Paul J Mirsky,
managing director,
Tate & Lyle Sugars,
Enterprise House,
45 Homesdale Road,
Bromley, Kent

Fax service

LETTERS may be faxed on 071-873 5938. They should be clearly typed and not hand-written. Please set fax machine for fine resolution.

Value of a no-strike clause

From Mr Simon Milner.

Sir, David Goodhart rightly points out that one of the most interesting aspects of the new single-union deal at Toyota is the lack of a no-strike clause ("Single union agreement comes of age", November 1). He is wrong, however, to state that "technically there can be no such thing in British employment law." These clauses may not be legally enforceable but then no UK collective agreement (at the moment) is contractual in any legal sense. This does not render their contents bogus. If we are being pedantic, most collective agreement clauses do not technically exist in employment law.

A more interesting question is whether or not the absence of a no-strike clause indicates that the Toyota deal is more "union-friendly" than the Nissan agreement, as Goodhart argues. It is equally plausible to argue that a no-strike clause would be a useless appendage to the deal anyway since strikes are now virtually extinct in the private sector. A no-strike clause was probably considered a waste of paper by Toyota management. Does anyone seriously expect that the lack of a no-strike clause will mean that a stoppage is more likely at Toyota than Nissan?

Simon Milner,
Centre for Economic Performance,
London School of Economics,
Houghton Street, London WC1

Security picture

From Mr Charles Kennedy.

Sir, In Mr Barchard's fine article on the dangers of cash cards and pass-books (Finance & The Family, November 2) he highlights situations where thieves use stolen cards in banks and building societies to obtain large sums of money.

Surely, the answer to these problems is for us all to have our picture on our pass-books and, hopefully, on credit cards as well. Indeed, a national identity card is now almost essential as well. An international driving licence requires a picture; is a pass-book less important?

Charles Kennedy,
West Lodge,
Clayton,
St Andrews,
Fife KY16 9YE

FINANCIAL TIMES
Tuesday November 5 1991

Huge protest against government economic policies marred by 19 deaths

Millions join black S African strike

By Patti Waldmeir in Johannesburg

MILLIONS OF black South Africans staged what trade unions said was the largest strike in the country's history yesterday to demand a greater say in economic policy-making and to protest at the imposition of a 10 per cent value-added tax.

The first day of the two-day strike was marred by the deaths of 15 miners at Anglo American's President Steyn gold mine in the Orange Free State. Four other violent deaths were reported.

The Congress of South African Trade Unions (Cosatu), the largest union federation, said 3m-4m people stayed away from work – 70-80 per cent of the industrial workforce – but this could not be independently confirmed.

The South African Chamber of Business, the employers' organisation, said support for the strike in main industrial areas such as the Witwatersrand, the eastern Cape and Durban, reached 80-100 per cent. Cosatu cited 60-90 per cent support in the mines. Motor industry production halted.

The morning rush-hour in Soweto, the country's largest black township, was quiet as most mini-bus taxis stayed off the streets. Trains were said to be running 95 per cent empty. The only sign of activity was from children attending school. Cosatu said that 90 per cent of students sat their school leaving exam after being told they should not observe the strike.

The strike, mounted by Cosatu and the African National Congress, is viewed as a test of strength between the Pretoria government and the anti-apartheid opposition, prior to planned talks on a new constitution. It was also supported by the radical Pan Africanist Congress and its affiliated trade union, the National Congress of Trade Unions (Nactu).

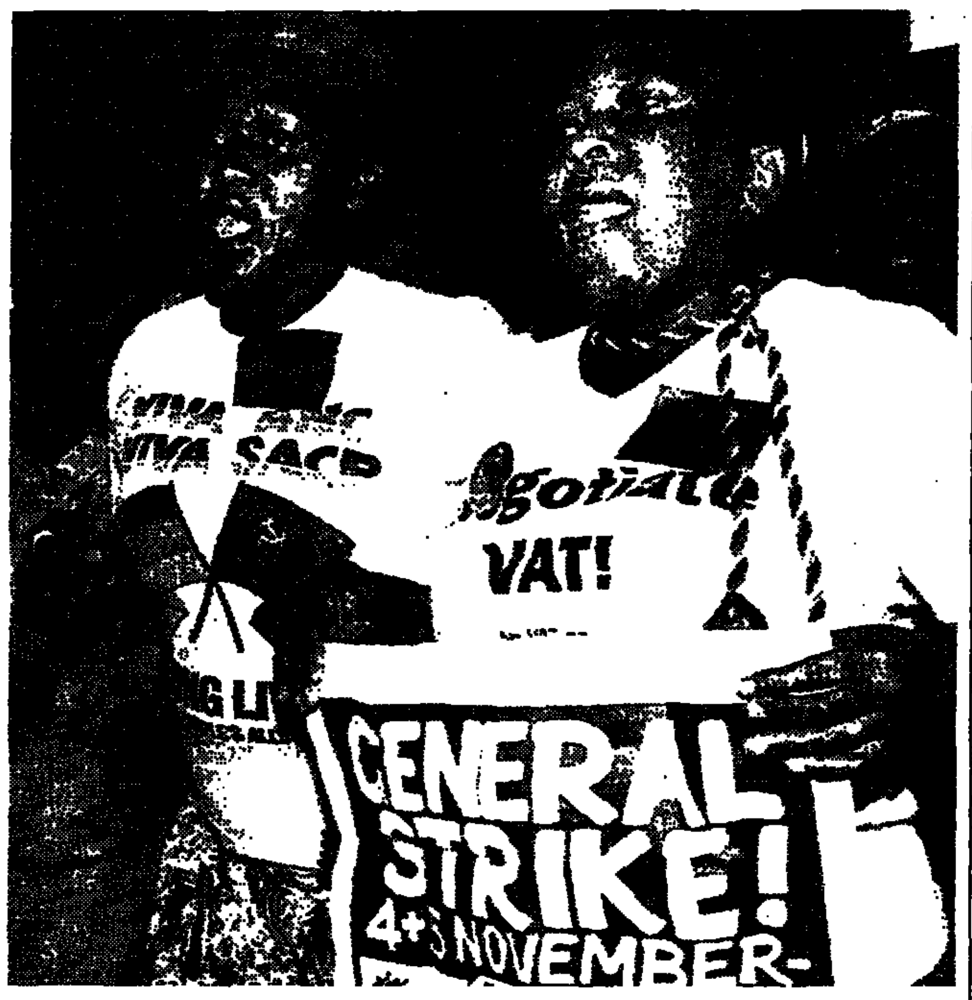
Mr Jay Naidoo, Cosatu general secretary, said the strike was a "devastating vote of no confidence" in the white government. He demanded that the government enter immediate negotiations with the trade unions, the ANC and other anti-apartheid groups on economic policy, threatening further mass action.

Mr Naidoo said anti-apartheid groups had won an "overwhelming vote of support" in what was "almost a referendum".

The true level of support, however, is difficult to gauge, as many workers said they were prevented from going to work because of lack of transport, or because they feared retribution from activists if they broke the strike.

Cosatu and the ANC are anxious to demonstrate their popular support as preparations continue for a multi-party conference charged with drawing up principles for a new constitution, and agreeing arrangements to govern South Africa in the transition.

There are tentative plans to hold the first session of the conference by the end of this month, though many disputes remain unresolved between the main participants.



Protesting: two women join the demonstrations against the imposition of the new tax

THE LEX COLUMN

Building societies on the block

It is perhaps as well that Midland Bank is not a building society. If it were, it would have ceased to exist by now. Town & Country's loss of independence is a harsh reminder that the building societies do not normally survive a single loss announcement. Yet its expected deficit of perhaps£10m is trifling compared with its reserves – the industry term for capital – of £150m. It is not an obvious candidate for rescue, unless the Building Societies Commission knows something still hidden from the public.

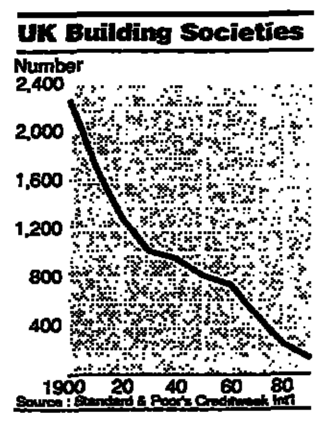
A more likely explanation is simple excess of zeal. Building societies have no lender of last resort. They depend on retained earnings for capital and on short-term deposits to fund long-term lending, so the regulator has to exercise special care. The danger is that dramatic intervention can lead the public to conclude erroneously that building societies are generally gripped by terminal crisis, and that this does not matter since they will always be bailed out.

The crisis view is reinforced by tales of mounting arrears, repossessions and expectations of static house prices till 1993. Nor does it help that Town & Country is the largest in a succession of recent problem cases. Its assets of £2.2bn, however, make it only medium-sized. Unusually it has no indemnity insurance, and relies heavily on relatively risky lending brought in by intermediaries.

Industry consolidation was inevitable after the interest rate cartel ended, but it slowed in the property surge of the late 1980s. Now it is accelerating painfully again. But there is no long-run harm in that, provided the regulator ensures the process is orderly and depositors accept that risk is no longer uniform. Besides, only after consolidation can the task begin of transforming the obsolete capital structures which make the regulators so inclined to fret.

FT-SE Index: 2,527.8 (-21.7)

UK Building Societies



Source: Standard & Poor's Creditweek [illegible]

Dollar

Yesterday's slide in the dollar below its generally recognised support point of DM1.65 clearly suggests further weakness to come. The reasons are familiar enough. On the one hand is the renewed sluggishness of the US economy and the imminent expectation of a cut in the US discount rate: on the other, the likelihood of a rise in German rates. The former is clearly the dominant influence. Although a cut in the Japanese discount rate is expected, the dollar fell yesterday against the yen. Sterling, where no move is expected in either direction, held its own against the D-Mark.

What the dollar's behaviour means for other markets is debatable. The US long bond yield looks to be headed back up above 8 per cent, on the basis of tax cut rumours and perhaps a faint feeling that in cutting the discount rate yet again, the Federal Reserve may be taking a chance on inflation. As for equities, currency depreciation is plainly useful for exports. On the basis of a worsening earnings outlook, this year's multiple is getting close to 20. All the while, the bond/equity yield ratio is being further stretched. Wall Street's Indian rope trick looks less sustainable by the day.

Yorkshire TV

White Rose Television – runner-up for the Yorkshire franchise in last month's all-or-nothing TV auctions – has caused a few red faces. But its mischievous plan to win over shareholders of the successful bidder, the incumbent licence holder Yorkshire Television, can hardly be taken seriously.

On the face of it, the ruse looks clever. Thanks to the sealed bidding system, Yorkshire offered £20m a year more than White Rose, the only other competitor to pass the Independent Television Commission's famed quality threshold. What could be simpler than suggesting to Yorkshire's owners that they formally reject the franchise, accept a free stake in White Rose and sit back as profits are siphoned off into dividends rather than the Treasury's coffers?

Unfortunately for WH Smith and Pearson – the two investors which between them control a near 40 per cent stake in Yorkshire – the assumption that White Rose would be the beneficiary looks an unsafe one. Auction rules would almost certainly allow the ITC to ignore White Rose and start again, if it chose to. It might be worth calling the ITC's bluff, of course – any delay would cause chaos in the Yorkshire area – but with £20m of government revenue at stake that would be taking a considerable gamble. The time to indulge in such antics was before the ITC announced the results in mid-October. In another region, it is rumoured that an unsuccessful bidder had the chance to do so in conjunction with a winner. Sadly for its shareholders, it declined.

Ultramar

Ultramar shareholders are not much wiser after yesterday's defence document, if only because the company is conspicuously keeping its powder dry. In the absence of an asset valuation, profit forecast and dividend policy, Lasmo can continue to press its accusation of strategic mismanagement while avoiding the counter-charge that its bid seriously undervalues Ultramar's assets. Meanwhile, Ultramar is playing a waiting game. Given its recent weakness on dividends, for instance, that is understandable.

Most of Ultramar's darts against its opponent fail to stick. The thrust of the defence is that the company has a coherent business, but has failed to communicate with shareholders. Investors are told they would be making a mistake if they sell at a point in the industry cycle when Ultramar is uniquely vulnerable. But that clearly depends on how much they are offered. Granted, Lasmo paper might not be the ideal currency, but it gives shareholders the option of fresh management.

There was a novel hint, not in the defence document, that Ultramar might look to alliances with producers to protect its downstream operations from swings in the oil price. This would seem rather to undermine the case for its existing portfolio of assets. Ultramar has so far offered little proof of the benefits it has derived from owning refineries as well as oil wells. But neither has it ruled out a voluntary demerger: it has simply pointed to tax and structural obstacles. It still looks as if it will take a further offer to draw out the central issues.

EC agrees sanctions for Yugoslavia

By David Gardner in Brussels and Laura Silber in Belgrade

EUROPEAN Community foreign ministers last night agreed to impose a tough package of sanctions on the whole of Yugoslavia if the republic of Serbia refuses to accept the Community's peace proposals.

The measures, which will be presented to Yugoslavia's leaders in The Hague today, are seen by EC officials as the last attempt to forge any lasting settlement on the country's worst political crisis since the second world war.

The possible sanctions include the suspension of the EC's trade and cooperation agreement with Yugoslavia and the exclusion of Yugoslavia from the General Agreement on Tariffs and Trade (Gatt). In addition, the EC wants the UN Security Council to institute a comprehensive oil embargo.

Only UN action could make such an embargo effective as Yugoslavia receives most of its oil from the Soviet Union, China and Romania.

The aim of the sanctions is to isolate Serbia. However, trade and economic links could be renewed with those republics who support the EC peace plan.

The proposed sanctions follow many attempts by Lord Carrington, the former UK foreign secretary, and chairman of the peace conference on Yugoslavia, to implement ceasefires in the breakaway republic of Croatia.

Fighting between Croats, and Serbs, who are backed by the Serb-dominated federal army, started after Croatia declared its independence on June 25. Since then, several thousand people have been killed.

But Mr Slobodan Milosevic, the president of Serbia, repeatedly refused to bow to EC pressure, insisting instead that the 600,000-strong ethnic Serb community in Croatia should be given their own autonomy in an independent Croatia.

The EC proposals were unveiled following a weekend of heavy fighting throughout Croatia. The city of Vukovar, in eastern Croatia, and the medieval city of Dubrovnik, on the Adriatic coast, came under repeated bombardment from the federal army.

If Mr Milosevic refuses to accept the EC's proposals, which ultimately allow for a loose confederation of sovereign republics to replace the now defunct Yugoslav state, foreign ministers of the Twelve are set to vote through this package on Friday night in Rome, at the Nato summit. Neutral Ireland will be attending the Rome summit as an observer, making the Twelve quorate.

In Serbia, the ruling socialist party said the federal army would not withdraw from the Serb-inhabited area in Krajina, south-western Croatia until an international monitor force was installed there and a plebiscite was held to determine where the Serbs wanted to live.

Senior EC diplomats were last night inclined to believe that Mr Milosevic would agree to negotiate around the treaty the EC has put forward to resolve the Yugoslav crisis.

The EC peace plan also offers independence to all republics that want it "within existing borders unless otherwise agreed", full self-government to Serbian majority enclaves within Croatia, and internationally guaranteed human rights to more dispersed, minority Serb populations.

Exactly the same rights, however, would be extended to the ethnic Albanians of Kosovo, and to the multi-ethnic province of Vojvodina, both autonomous territories before Mr Milosevic seized political control of them four years ago.

Last hope for peace, Page 19

German life in the fast lane comes to a halt

By Quentin Peel in Bonn

THE EXPLOSIVE combination of newly acquired west German leisure habits, and hopelessly inadequate east German roads, caused a monumental 70km traffic jam on the Nuremberg-Berlin motorway at the weekend.

The extraordinary snarl-up over the former inter-German border between Bavaria and Thuringia left thousands of motorists at a virtual standstill for up to 18 hours. Police combing the lines of stationary cars had to wake up sleeping drivers when their turn came to move a few metres on.

No one would confirm that the traffic jam was the worst in recent German history, though no one could remember a worse one.It precipitated a string of concertina crashes, and extraordinary demonstrations of dangerous driving by increasingly frustrated motorists.

West German reports of the motorway nightmare smugly blamed most of the accidents on east German drivers (that was where they were heading), and the German press reported with obvious horror that two vehicles were found to be neither licensed nor insured.

The immediate cause of the jam, which only cleared yesterday lunchtime according to police, was a minor traffic accident and huge numbers of eastern German drivers returning from a long holiday weekend.

But behind the chaos lies the desperate condition of east German roads (narrow, potholed, and permanently under repair), a surge of new owner-drivers, the fatal attraction of southern tourist resorts, and the rigid observance of weekend holidays.

The much-vaunted western German autobahn system is reaching virtual saturation on Friday afternoons and Sunday evenings, undermining even the most dedicated Teutonic driver's determination to scatter all the opposition at a steady 200km an hour. For the first time in living memory, proposals to introduce speed limits on the autobahns are being taken seriously in several Social Democrat states and cities.

According to Ifo, the Munich-based economic institute, at least half the 48,000 kilometres of roads in the east need complete repair or replacement. Total cost of transport infrastructure spending required is put at DM200bn, to bring the system up to western standards.

Gorbachev warns Russia not to go it alone

By John Lloyd in Moscow

PRESIDENT Mikhail Gorbachev said yesterday his country was now "peering into an abyss" and he warned Mr Boris Yeltsin, the Russian leader, of the dangers of his republic "going it alone".

Mr Gorbachev advanced a veiled but unmistakable criticism of Mr Yeltsin, the first such criticism since Mr Yeltsin humbled the Soviet leader after the August putsch.

Speaking at a meeting of the State Council, which brings together leaders of the 12 Soviet republics, Mr Gorbachev said the trust which the people had reposed in they leaders after the coup – most of all, though he did not say so, in Mr Yeltsin – had been betrayed by tardiness in launching reforms. The failed coup raised hopes of quick reform, but "this has not happened, we are peering into the abyss", he said.

Mr Gorbachev, whose own tardiness in reforming the economy has seen 11 major economic reform programmes come and go in the past three years, criticised the growing tendency within the Russian leadership to "go it alone".

"This is a question of principle, since neither Russia itself nor, much less, the other republics, can cope with the present dramatic situation by going it alone", Mr Gorbachev said. He added he was worried by the "lack of clarity.. with regard to a treaty on an economic community" referred to in Mr Yeltsin's speech announcing reforms last week.

Many of Mr Yeltsin's closest advisers and ministers have called for an end to efforts to conduct reform on the union level, and for Russia to create its own monetary and banking structures, treating the other republics as foreign countries.

Mr Yeltsin, who last week first said he would, then said he would not, create a Russian central bank printing its own money, blamed Mr Gorbachev for demanding that the USSR State Bank print Rs30bn to cover the deficit in the state budget. The feuding between the two men threatens the agreement between them to preserve the union, made after the failed coup, which had been the guarantee – especially for foreign countries – of a measure of stability in an increasingly fraught society.

Mr Andrei Grachev, the Presidential spokesman, yesterday announced that three more republics – the Ukraine, Moldova and Azerbaijan – would sign the economic treaty, leaving only Georgia outside.

However, this came after earlier reports that Mr Vitold Fokin, the Ukrainian prime minister, had denounced the economic treaty – and that Mr Grigory Yavlinsky, the economic co-ordinator at the Soviet level, had warned that those eight republics which had signed in many cases believed it could not work.

The prevailing tide of both opinions and actions at the republican level still runs strongly away from the centre - with separate currencies being planned, separate armies and customs services being formed.

Pennsylvania vote promises Bush his 'worst week'

Continued from Page 1

Washington establishment.

Some commentators believe this is the message which a future Democratic presidential nominee must take to the people in 1992 in order to stand a chance of beating Mr Bush. Already some of the current candidates – notably Governor Bill Clinton of Arkansas, Senator Bob Kerrey of Nebraska and Senator Tom Harkin of Iowa – are experimenting with the "insurgent outsider" theme.

What is striking is how the Democrats, long concerned to protect the rights of minorities, have rediscovered the middle class. Their cause was boosted last weekend when the Rev Jesse Jackson announced that he would not run in 1992. Mr Jackson, who wears spectacles when he speaks these days and has developed a middle-aged paunch, insists the fire has not left his belly. He may well run in 1996, but his withdrawal has two immediate effects on the Democratic race for the nomination.

First, it opens a pool of votes which could prove useful in the early primaries. One assumption is that they will go to Governor Douglas Wilder of Virginia because he is black; but Mr Wilder is a self-styled conservative tax-cutter who is no friend of Mr Jackson.

Equally likely, Mr Jackson's supporters may either stay home or vote for Senator Harkin or Governor Mario Cuomo of New York, should he finally decide to run.

Second, Mr Jackson's withdrawal reduces the likelihood of a protracted race ending up with the Democratic nominee paying excessive attention to the Jackson constituency of liberals and minorities. This happened to Mr Walter Mondale and Mr Michael Dukakis in 1984 and 1988; and it hurt their appeal to white, middle-class suburban voters who are vital in presidential elections.

A win in Pennsylvania will not bridge the gap that has opened up between Democratic liberalism and the majority of the US electorate on the issues of tax, race and civil rights. Nor will a pledge to bring health care to ordinary Americans, not least because the Democrats have yet to present a coherent case on how to pay for it. However, it would suggest that Mr Bush is, if not beatable, at least vulnerable.

WORLDWIDE WEATHER

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	F	20	68	Berlin	F	10	50	Caracas	C	27	81	Faro	F	21	70
Algiers	S	28	82	Biarritz	C	14	57	Casablanca	F	20	68	Florence	C	18	64
Amsterdam	R	6	43	Bombay	S	33	91	Chicago	Sn	-10	14	Frankfurt	C	9	48
Athens	S	16	61	Bordeaux	C	15	59	Cologne	F	10	50	Geneva	S	11	52
Bahrain	S	29	84	Boulogne	C	8	46	Copenhagen	C	7	45	Gibraltar	F	20	68
Bangkok	F	33	91	Brussels	R	7	45	Corfu	F	18	64	Glasgow	F	7	45
Barcelona	C	20	68	Budapest	C	12	54	Dallas	F	-2	28	Helsinki	R	6	43
Beirut	C	17	63	Buenos Aires	F	23	73	Dublin	F	8	46	Hong Kong	S	25	77
Belfast	F	8	46	Cairo	F	18	66	Dubrovnik		-	-	Innsbruck	C	13	55
Belgrade	C	17	63	Cape Town	S	20	68	Edinburgh	F	8	46	Inverness	R	7	45

		°C	°F			°C	°F			°C	°F
Islamabad	F	25	77	Madeira	S	23	73	Milan	R	6	43
Istanbul	F	11	52	Madrid	F	16	61	Montreal	S	-3	27
Jakarta	C	32	90	Majorca	S	24	75	Moscow	C	-2	28
Jersey	S	10	50	Malaga	S	24	75	Munich	F	7	45
Johannesburg	S	26	79	Malta	S	23	73	Nairobi	C	26	79
Lima	C	20	68	Manchester	R	7	45	Naples	C	19	66
Lisbon	C	18	64	Manila	F	30	86	Nassau	C	29	84
London	F	9	48	Melbourne	C	19	66	New Delhi	S	28	82
Los Angeles	S	16	61	Mexico City		-	-	New York	C	5	41
Luxembourg	C	8	46	Miami	F	20	68	Nice	F	19	66

		°C	°F			°C	°F			°C	°F
Nicosia	F	21	70	Salzburg	R	7	45	Tenerife	S	25	77
Oporto	F	15	59	San Francisco	S	8	46	Tokyo	S	19	66
Oslo	R	5	41	Seoul	S	9	48	Toronto	F	-6	21
Paris	R	8	46	Singapore	C	25	77	Tunis	S	25	77
Peking	S	11	52	Stockholm	F	8	46	Valencia	F	24	75
Prague	F	8	46	Strasbourg	C	11	52	Venice	C	9	48
Reykjavik	F	-1	30	Sydney	S	26	79	Vienna	F	11	52
Rhodes	S	17	63	Taipei		-	-	Warsaw	C	11	52
Rio de Janeiro	R	25	77	Tangier	F	21	70	Washington	C	3	37
Rome	F	19	66	Tel Aviv	C	17	63	Zurich	F	9	48

Temperatures at midday yesterday C–Cloudy Dr–Drizzle F–Fair Fg–Fog H–Hail R–Rain S–Sunny Sl–Sleet Sn–Snow T–Thunder

INSIDE

Blue Circle buys radiator group

Blue Circle Industries, the UK cement group, has diversified further with the £18.7m ($33m) purchase of Sweden's largest radiator producer. The acquisition follows its strategy of expanding in Europe, particularly in the bathrooms and heating products sectors. It claims it will now be the third largest radiator supplier in Europe. **Page 28**

Pace of Korean life slows

The recent exponential growth of the Korean life insurance market is set to slow, following a doubling of total written premiums in two years. At the root of the slowdown is fierce competition spawned by government policies of financial liberalisation. Yet despite the competitive pressures buffeting the sector, the Korean insurance market still offers huge potential. **Page 23**

Buddy, can you spare £7,000

Recessions should be boom times for executive outplacement specialists, who help sacked or redundant employees find new jobs. But as the UK outplacement company Sanders and Sidney – which charges £7,000 ($12,400) per executive – points out, very little business comes from companies that are in financial crisis. Andrew Bolger looks at Sanders' experience of spending its way out of the current recession. **Page 28**

Punjab farmers dig in

Punjab makes the largest contribution to Pakistan's agricultural sector. Not surprisingly, therefore, attempts by the federal government to reduce subsidies in the agriculture sector have found little favour in the province. The local assembly, in reponse to its strong farmers' lobby, is demanding new commitments of financial assistance to farmers, and higher crop prices to match international rates. **Page 29**

No privatisation without tears

Eastern Europeans – even the most financially-developed Hungarians – have discovered that there is no such thing as privatisation without tears. Last week's cancellation of the flotation of the Danubius hotel chain was prompted by the removal of important tax concessions. As auditors probe the inner secrets of privatisation candidates, many unpleasantries have been unearthed. **Page 27**

GT Venture buys portfolio

GT Venture Management, a UK fund management group which specialises in buying unwanted venture capital portfolios from institutional investors, is to acquire the venture portfolio of a large Canadian pension fund. GT is buying the venture investments of the Ontario Municipal Employees' Retirement Scheme. **Page 28**

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)

Falls			
AG Ind & Verk	760	–	20
Altana Ind	625	–	12
Colonia Konzn	995	–	15
Linotype-Hell	357	–	7
Porsche	635	–	13
Rheinmetall Ber	320	–	8

NEW YORK ($)

Rises			
Lockheed	46 1/8	+	5/8
Falls			
Autodesk	37 3/8	–	4 5/8
Bank America	40	–	1 3/8
Carolco	5 1/8	–	1/4
Chase Manhattan	18 1/2	–	3/8
Compaq	26 1/2	–	1 3/8

PARIS (FFr)

Rises			
Skis Rossignol	799	+	24
Falls			
Accor	710	–	20
Gal Lafayette	1431	–	64
Imm de France	926	–	24
Intertechnique	745	–	36
Lafarge Coppee	323	–	8.5

Tokyo closed.

LONDON (Pence)

Rises			
Conder	18	+	6
Davies Newman	75	+	13
Flextech	139	+	13
Pelican	27	+	3
Proteus Intl	169	+	19
Psion	92	+	12
Steetley	287	+	9
Falls			
British Telecom	359	–	7 1/2
Capital Radio	197	–	11
Dowty	174	–	7
First Natl Fin	41	–	7
Gen Accident	490	–	14
Glaxo	768	–	16
Haemocell	163	–	12
Laird	248	–	13
Nat Home Loans	7 1/2	–	2
RHM	247	–	7
Renold	58	–	6
Royal Insce	287	–	11
Tiphook	515	–	16
Vodafone	370	–	12
Wood (SW)	56	–	10

Oftel raises spectre of BT price review

By Hugo Dixon and Roland Rudd in London

OFTEL, the UK telecommunications regulator, will publish a consultative document on BT's prices in January, only a month after the government's sale of a £5bn ($8.6bn) stake in the company.

News of the document's timing, revealed in a statement yesterday, angered large investors who are concerned that they could buy shares only to find that BT's prices and profits are then subjected to tighter regulation. Institutional shareholders described the timing as "appalling", "wrong" and "unsatisfactory".

Mr Patrick Wellington, a stockbroker at County NatWest, asked: "If Oftel can put out a consultative document in January, why can it not put out one in late November?"

Investors said the threat of a price review would overhang the sale without them knowing its exact shape. The document's timing is earlier than expected.

Sir Bryan Carsberg, Oftel's director general, also said in yesterday's statement that he had not decided whether to refer BT's prices to the Monopolies and Mergers Commission. A senior Oftel official recently said that BT would probably be referred to the MMC.

Sir Bryan said: "I would not wish to come to any conclusion about a new price control before listening to the views and comments that will be expressed during the consultative process.

"In these circumstances any question of a Monopolies and Mergers Commission reference would not arise until after the consultative process."

Oftel said work had already begun on the document but not on "the guts of it". A spokesman said that the purpose of price control was to provide a "tough regime" for BT. To say more now would make a "nonsense" of the consultative process.

BT's share price fell 8p to 359p in response to further uncertainty about regulation, continuing a steep slide from a peak of 423p a month ago.

The government's stockbrokers – led by S.G. Warburg – are considering withdrawing their profits estimates for BT following the publication of lower-than-expected earnings last week. The brokers are not legally allowed to change their forecasts.

Government financial advisors believe Oftel's statement was "helpful" because it has clarified the procedures which will be adopted during next year's price review.

Sir Bryan said that a new price control, due to come into effect in July 1993, could either be agreed with BT or imposed on it following an MMC reference.

Roland Rudd on prospects for GPA, the world's biggest aircraft leasing company

Flying a high-risk business in recession

When Dr Tony Ryan, Guinness Peat Aviation's founder, decided to seek a public flotation for his aircraft leasing company – the biggest in the world – he received a cautious response from Sir David Scholey, chairman of S.G. Warburg.

The merchant bank explained that while it was happy to form a relationship with GPA, it could not be certain a flotation was appropriate until it knew the company better.

GPA was disappointed: it has an unbroken record of annual pre-tax profits, rising from $71m in 1987 to $281m for the year to March 1991. Many of its executive directors could not understand Warburg's hesitancy to advise them on their flotation.

The decision to go public - which it still hopes to do next summer based on its optimistic outlook for the industry - has been approved by their non-executive directors.

These include Mr Nigel Lawson, the former UK chancellor, who chairs the group's audit committee and scrutinises GPA's accounts, and Sir John Harvey-Jones, former ICI chairman.

Warburg's decision not to become involved in the flotation illustrates the gulf between the pessimists and the optimists. Some GPA directors think "the Brits" simply cannot believe anything big and profitable could come out of Ireland.

Other directors put the problem down to the public's perception of "leasing" and "airlines". Both are considered high-risk businesses during a recession.

The latter is probably closer to the truth.

GPA's phenomenal growth, particularly marked between 1987 and 1991, was based on the enormous demand for aircraft financing prompted by the growth of the airline industry.

The Gulf war and the worldwide recession put an end to that growth. The US airlines, for example, turned cumulative earnings of around $2.3bn between 1986-89 into a $5bn-plus loss in 1990.

GPA would face difficulties if airlines started to default on firm orders. Mr Jean Pierson, chairman of Airbus Industrie, the European aircraft manufacturing consortium, is worried by the immediate implications of the crisis engulfing the industry.

"I see a big hole in new aircraft orders next year," he said, adding that even so-called "strong" airlines such as American and Delta were deferring decisions on new aircraft orders.

GPA's orders and options account for half the aircraft orders of the whole leasing business.

It decided to go public partly because some of its shareholders – including Mitsubishi Trust and Banking, the Long-term Credit Bank of Japan, General Electric Capital, Salomon Brothers and Allied Irish Banks – wanted to realise the value of their shares.

GPA's sceptics believe a flotation could become a necessity to bolster its balance sheet if the leasing activity is affected by recession and it becomes harder for GPA to sell aircraft leases to investors.

> The Gulf war and worldwide recession put an end to growth in the industry

The group's capital commitments from next January to the year 2000 run to firm orders of $11.9bn and a further $9.2bn of non-binding commitments. These are significant sums compared with the group's financial resources.

It has drawn $2.8bn of its $7bn credit facilities, and has a further $1bn of off-balance sheet debt. It is also planning to raise at least another $250m from a US bond issue in December. Against this it has $1.1bn of equity.

However, Mr Maurice Foley, GPA's president, denies GPA is under pressure to seek a public listing.

It has not formally decided to go public.

Mr Foley said that GPA could take comfort from the fact that there was still a big demand for modern, quieter aircraft planes – the bulk of GPA's orders.

The group predicts 650 aircraft will be needed annually over the next 10 years. Furthermore, Mr Foley said, bearish predictions that the drop in the price of older narrow-body aircraft would affect the price of wide-body aircraft proved false.

The glut of aircraft has so far been confined to the former and GPA expects more than 1,000 narrow-body aircraft to be retired over the next few years. He accepts that the value of the modern aircraft cannot be "hermetically sealed", but strongly refutes any suggestion it could affect GPA's business.

Perhaps the greatest challenge facing GPA is finding new customers to replace the Japanese investors which bought the income from the leases.

GPA, having leased an aircraft, would seek an upfront payment against the income from the seven-year lease. Alternatively, the investors would buy the aircraft from GPA, which would then lease it on behalf of its client.

The profits would then be taken into the profit and loss account.

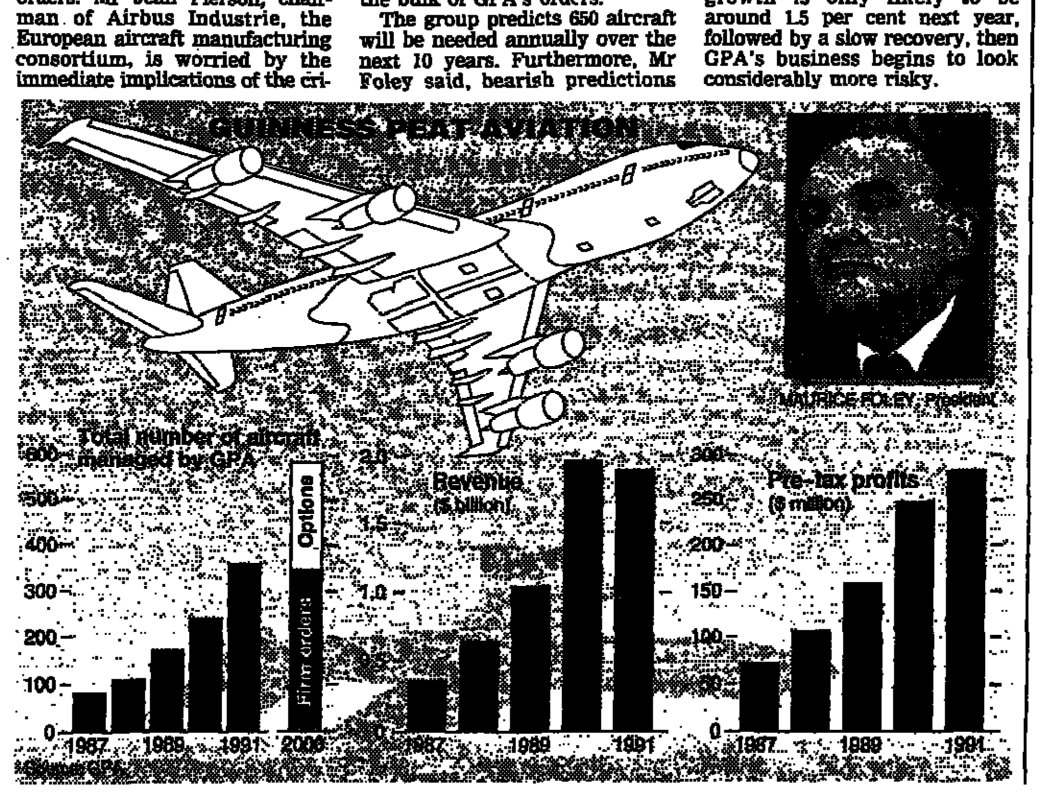
This income accounted for almost half of the $243m trading profit in the year to the end of March 1991.

During the same period GPA had a net interest expense of $140m. The Japanese, feeling the affects of their own recession, are no longer so keen to buy GPA's leases.

Mr Foley said GPA has successfully found new investors, primarily in Mexico. To help support demand for new aircraft it has also penetrated new markets, the potential of which has yet to be tapped, in the Far East and eastern Europe. Dr Ryan last week flew to Lithuania to seek business.

GPA predicts the airline industry, which this year suffered a 1 per cent fall in growth, is about to bounce back to between 5 and 9 per cent in 1992. If the prediction is true, and it is no more optimistic than Boeing, then there is no reason why GPA should not continue to produce increased profits, provided the untapped markets in the Far East and south America prove as lucrative as GPA said they were proving.

However, if Warburg is right when it forecasts world traffic growth is only likely to be around 1.5 per cent next year, followed by a slow recovery, then GPA's business begins to look considerably more risky.



Nissan to buy its French importer

By William Dawkins in Paris

THE FRENCH Government yesterday gave approval for Nissan Motor, the leading Japanese car group in Europe, to buy its French importer and distributor for FFr861m ($149.5m).

The green light from Mr Pierre Bérégovoy, the finance minister, is evidence of the economic liberalism in parts of the French government, in spite of the anti-Japanese rhetoric of Mrs Edith Cresson, the prime minister.

Richard Nissan is the largest Japanese car dealer in France. Its founder, Mr Jean-Pierre Richard, who has been importing Nissans since 1971, recently retired.

In 1990 it sold 25,707 cars, imported from Japan and Britain, in France. This represented just over 1 per cent of the French market. The company expects to sell 33,500 cars this year.

Nissan said it would "respect the spirit and the objectives" of an agreement between the EC and Japan last August to scrap car import quotas from January 1993. These will be replaced by a transitional European limit to be phased out by the end of 1999.

Peugeot, France's largest carmaker, has criticised the government for supporting the agreement, which it believes gives too much away. France limits direct Japanese imports to 3 per cent, but imposes no official quota on Japanese cars made in Europe.

The Nissan deal comes at a time when the government is considering a further relaxation of the few remaining curbs on foreign investment in France. The main restriction since foreign investment rules were streamlined two years ago obliges non-EC companies to seek government clearance for acquisitions of French businesses, as did Nissan last month.

If the government does not block such a deal within a month, it gets automatic clearance. A further relaxation of the rules is under review, but it is not yet known when a decision will be made, said a finance ministry official.

Nissan already owns 9.55 per cent of Richard Nissan and had asked for clearance to buy the 72.09 per cent held by the family. Under French stock market regulations, it has offered to buy out the remaining minority shareholders at the same price, FFr1,253 per share.

In contrast, in Britain, Nissan is setting up its own dealership after a row with its independent importer. Nissan already controls its dealers in Germany, Italy, Spain, the Netherlands and Switzerland.

Ultramar's Jean Gaulin, chief executive officer, and Peter Raven, chief financial officer: building up defences

Ultramar seeks anti-Lasmo ally

By Deborah Hargreaves in London

ULTRAMAR, the diversified oil and gas company, wants an oil-producing country to take an interest in its Quebec refinery as part of its defence against the £1.15bn ($2.03bn) bid from Lasmo, the UK exploration company.

Mr Jean Gaulin, chief executive, said yesterday: "We want to bring more stability into our downstream earnings and Opec countries are looking for outlets for their crude. It is a possibility that we could forge an alliance."

Even so, Mr Gaulin is wary of putting off possible partners and his hopes were not included in the company's defence document released yesterday.

Ultramar is basing its defence against what it describes as Lasmo's "derisory offer" on the long-term strength of its assets and a commitment to bring its level of gearing down to below 50 per cent in the "near term". The company's current debt is £850m and its gearing is 82 per cent.

Mr Fergus Macleod, oil analyst at County NatWest, said: "This is an opening salvo concentrating on strategy, but most shareholders want to see an estimate of asset value and hear how the company will ensure this is reflected in the share price."

Ultramar's shares have underperformed the oil and gas sector by 22 per cent this year, but Lasmo's shares have not performed well either. The defence document pointed out that Lasmo's shares have underperformed Ultramar's by 16 per cent in the past year.

Mr Chris Greentree, Lasmo's chairman, called this a selective comparison: "Our whole pitch is about unlocking value by splitting the company up and they refuse to do that," he said.

Lasmo shares slipped yesterday from 315p to 311p and Ultramar's share price rose 3p to 340p.

Ultramar has defended the structure of the company even though many institutional shareholders believe that eventually it will be forced to break its assets apart in order to provide value.

Mr Peter Raven, finance director, said: "We are happy with the company in its present form. The businesses do support each other, if not directly on an operational basis, but they do support each other financially."

Ultramar now has to raise around £350m to reduce its gearing below 50 per cent. It plans to do this, partly by selling off some of its shipping interests and land in California, which should net £100m. It also plans to divest non-core assets such as some exploration acreage which could bring in another £100m. But this leaves it with £100m to £150m that it must raise from its core assets.

Lex, Page 20

German banks upset by state's reform proposals

By David Waller in Frankfurt

GERMAN BANKS yesterday expressed concern about the Bonn government's latest proposal for reform of their capital ratios requirements. Bonn has made concessions on the treatment of unrealised gains but has toughened up the definition of what constitutes "core capital", a key measure of bank strength.

The banks, the government and the Bundesbank have been locked in negotiations for some years over the way in which German banking law should be modified to reflect EC legislation which must be enforced by 1993. The deadlock seems set to continue despite elements of compromise in the legislators' latest position.

German banks have sizeable portfolios of unquoted investments and have long argued that unrealised gains should be counted towards the definition of capital. Germany's regulators have traditionally been opposed to this, but last week they changed their minds.

It is understood that the Finance Ministry is prepared to allow banks to include a proportion of unrealised gains as "Tier 2" capital, which in Germany has up to now comprised items such as subordinated bonds and participation certificates rather than straightforward equity which counts as "Tier 1".

However, Bonn is insisting that banks cannot count unrealised gains unless their Tier 1 or core capital – which includes issued shares, share premium account and retained earnings – amounts to 5 per cent of what is known as "risk-weighted assets" (RWA) according to the EC Own Funds and Solvency Ratio Directives.

The minimum requirement for Tier 1 capital under the directives is 4 per cent of RWA. Bankers complained yesterday that the new proposals made it, in effect, mandatory for German banks to have 5 per cent Tier 1, that is if they were allowed to take advantage of the rules allowing them to recognise some of the value locked up in unrealised gains.

"This development is not positive for us," said a spokesman for the Federation of German Bankers yesterday. "We believe that a 5 per cent requirement would put us at a competitive disadvantage to other banks in the EC which only comply with the 4 per cent minimum."

"The proposed rules discriminates against German banks," said Mr Peter Pietsch of Commerzbank, Germany's third largest bank. "German banks ought to be subject to the same conditions as their competitors."

The Finance Ministry would not comment on the proposals yesterday, and commentators were stressing that the leaked plans were far from the last word on this subject.

Solvay sets Bernburg team a challenge

Andrew Hill reports on the Belgian group's plans for its reclaimed east German plant

SOLVAY'S soda ash plant in Bernburg, south of Leipzig, looks like most film-makers' romantic ideal of a factory: cavernous hangars full of oiled and roaring machines, apparently functioning without maintenance or supervision, the whole process cooled by huge coils of dripping, salt-encrusted piping.

East Germany's Communist regime, which managed Bernburg until the collapse of the Berlin wall, installed the roaring machines when it took over the plant in 1952, succeeding the Nazis and the Soviet military. At around the same time, Solvay's soda ash plants west of the Iron Curtain were throwing out their equivalent machinery for ever.

"Nowadays," says one unromantic technician from the Belgian chemical group's west German operations, "the same process could be achieved more efficiently by a machine this big." He indicates a space the size of two large coffins.

Sentiment was not the main reason why Solvay decided to reclaim Bernburg, once its largest factory, after the Communist regime collapsed in 1989. Baron Daniel Janssen, the Belgian company's patrician chairman, admits it was a factor, but he adds: "If it hadn't been profitable we would have put sentiment right back in our pockets."

The plant was formally recovered from the Treuhand – which manages east Germany's former state-owned enterprises – at the beginning of last September, after almost a year of hard negotiations. Unlike other western groups negotiating with the Treuhand, Solvay did not want to buy a plant which, in theory at least, it still owned. In addition, the Belgian company wanted to recover all the assets in its 1939 books, including, for example, salt reserves – essential for the soda ash process – which the Nazis and Communists had mined out.

That delayed the transfer of the plant, but Baron Janssen now reckons that Bernburg will break even for the last four months of 1991 and probably contribute a small profit to the group next year.

Baron Janssen is scathing about old east Germany's Communist management. "We don't spend one minute or one Deutschemark investing in a country with a Communist regime." But on the ground in Bernburg, Solvay has retained as many of the existing team as possible.

The group has also brought in a dozen managers from its Belgian and west German operations, headed by Mr Joachim Schmelz, who had worked with the group's technical department in Brussels and Germany. According to Baron Janssen, the west European managers bring with them the "new know-how" needed to modernise a plant which is technologically at least two decades out of date.

Solvay aims to plough some DM200m ($118.3m) into the plant over the next five years. That should help increase the plant's annual output from 350,000 tonnes of soda ash or sodium carbonate – which is used in the production of glass, detergent, soap, adhesives and paint – to 520,000 tonnes. The investment will also go towards modernising the plant and, in particular, converting units to produce dense soda ash, as opposed to the lower quality light soda ash currently manufactured.

But the commercial and social challenges for the Bernburg team are still great, despite optimism about the revival of a plant which, by all accounts, would have had to close down without Solvay's support.

Solvay's projected increase in production, for example, is dependent on a rise in demand in eastern Europe, building on a client base which already exists. Solvay hopes that its strong position in the world soda ash market – it is the largest producer of the commodity – will allow the group to add new customers to Bernburg's list, and western European companies, such as the French glassmaker Saint-Gobain, are already setting up in the east. The existing base, however, is likely to erode as east European users of soda ash are ravaged by economic difficulties and new competition from the west. The local transport infrastructure, too, is in desperate need of improvement.

Meanwhile, the workforce, which stood at around 1,700 in January 1990, has suffered deep cuts. When Solvay took over in September, it was already down to 950, and a further 130 jobs have to go before the end of the year. For a region which claims an unemployment rate of 20 per cent, compared with official figures for the east German länder of 11.7 per cent, that is a heavy burden to bear.

Mr Jung Killmann, a manager in the health and safety department at Bernburg, has worked at the plant for the past 12 years. He admits that there is awkwardness in the town between those who kept their jobs at the factory and those made redundant, and adds: "There are some families where the women lost their jobs, not just here but in the salt and cement factories as well."

The return of the ancient regime has been welcomed by the Bernburg authorities, however, and the mood at the plant itself is good, according to Mr Killmann.

Mr Schmelz adds that the Bernburg employees have a "sense of responsibility, initiative and good skills", which confounds reports of east German workers' lack of training and motivation.

The staff have good reason to be enthusiastic. Not only have they retained their jobs, but they stand to receive a substantial wage increase over the coming years if they can match their productivity to that of their west German counterparts.

At the moment, the Bernburg salary bill is half that of a comparable soda ash plant in the west, even after a recent pay rise.

What is more, if the Bernburg employees prove themselves, then there are indications that Solvay's historic interest in the region may bear further fruit: the Belgian company now wants to build a new hydrogen peroxide plant in eastern Europe and Bernburg is one of the two candidates.

Jardine Insurance Brokers float three times subscribed

By Richard Lapper

INVESTORS have responded positively to the flotation of Jardine Insurance Brokers, over-subscribing the offer by more than three times.

Jardine Matheson, the Hong Kong-based trading group, which will retain a majority interest in JIB, sold off 32.3 per cent of its insurance broking subsidiary.

The shares are expected to open at a premium to the offer price of 195p when dealing begins on Thursday.

"The shares are relatively cheap compared to the rest of the sector," said one analyst. "A 10 per cent premium is not out of bounds."

Robert Fleming, the merchant banker which advised JIB on the deal, received applications for 71.9m shares, but only 16.5m shares are on offer to the public. A further 16.5m have been placed with institutions, and JIB's employees have been allocated 799,340. shares.

The response to the share offer, the biggest UK one since the Mirror Newspaper Group offer earlier this year, is further evidence of the popularity of the small and medium companies in the insurance broking sector.

In contrast to the problems of the UK's composite insurers, which are beset by losses from mortgage indemnity and subsidence, smaller brokers are benefiting from rate increases in London for commercial insurance and reinsurance market.

Jardine, like Lowndes Lambert, another broker which was floated in July, is an active player in the marine market where rate increases have been particularly strong.

Lowndes Lambert shares, offered at 290p in July, have shown healthy growth in the last three months and were yesterday trading at 350p.

Other brokers, including Hogg, Steel Burrill Jones and Lloyd Thompson have all reported impressive profit growth this year.

Small investors will do well from the offer. Robert Fleming announced yesterday that it was meeting applications for up to and including 1,000 shares in full.

Applications for shares over this amount are to be allocated as follows: applicants for between 1,200 and 3,000 shares (inclusive) will receive 1,000 shares; applicants for between 3,500 and 6,000 shares will receive 1,500 shares; applicants for between 6,500 and 8,500 will receive 2,000 shares; applicants for between 9,000 and 10,000 shares will receive 2,500 shares; applicants for between 11,000 and 17,000 shares will receive 3,000 shares; applicants for between 18,000 and 20,000 will receive 3,500 shares; applicants for between 25,000 and 650,000 shares will receive 15 per cent of the shares applied for; applicants for over 650,000 shares will receive 100,000.

SE Banken to decide today on Skandia 28% share option

THE FUTURE of the 28.2 per cent share option held by Skandinaviska Enskilda Banken, Sweden's largest bank, in Skandia, the Swedish insurance company, will be decided today at a specially-called meeting of the bank's board, writes Robert Taylor in Stockholm.

Skandia has fought a strong rearguard action against SE-Banken since the SKr4.7bn ($776m) option was first acquired last October. This fuelled speculation that SE-Banken wanted to form a huge bank and insurance conglomerate in the Nordic region.

It was being suggested in Stockholm yesterday that the bank's chief executive, Mr Bo Ramfors, could be considering a number of alternative moves over the share option.

SE-Banken may decide to acquire the 18.3 per cent shareholding made by Uni Storebrand, Norway's largest insurer in Skandia for SKr3bn earlier this autumn. But it might also pull out of Skandia by selling its option though at a loss. Alternatively, SEB may decide to co-ordinate its plans for Skandia with Uni Storebrand in what could be a formidable alliance.

COMPANY NEWS IN BRIEF

Italcable reverse in first half

ITALCABLE, Italy's state-controlled intercontinental telephone company, suffered a 9 per cent drop in pre-tax profit in the first half of the year compared with the previous corresponding term, AP-DJ reports from Milan.

The company said the drop occurred despite an increase in financial income, which was more than offset by a 9 per cent rise in operating costs.

Nonetheless, the pre-tax results and the solid capital structure, "form the basis for an adequate dividend payment," the company said.

Swedish broker dismisses three

CARNEGIE Fondkommission, Sweden's largest brokerage house and a subsidiary of state-controlled Nordbanken, said last night that its three senior managers in the group's Carnegie International operation in London had been dismissed after a difference of view about future strategy, writes Robert Taylor.

"They have been forced to go," said Carnegie's chief executive, Mr Lars Bertmar, but he stressed there was no question of any wrong-doing.

"There were differences about the direction in which the Carnegie group should be built up," he added. Mr Bertmar will take over responsibility for the London office until further notice.

The three men concerned are Carnegie International's managing director, Mr Christopher Bouckley, his deputy, Mr Jeremy Rowlands, and Mr Barry Adams, head of the company's analysis group.

Business improves at Valeo

VALEO, the French car components maker, said that business has improved since the second quarter, allowing it to claw back some of the sales lost during the Gulf crisis, Reuter reports from Paris.

Sales dropped 3.9 per cent from to FFr15.3bn to FFr14.7bn ($2.55bn) during the first nine months of this year compared with the previous corresponding half. After the first six months, sales were down 6.1 per cent.

BSN expands its sauce brands

BSN, the leading French food group, has increased its collection of sauce brands with the acquisition of Amoy Industries International, the Hong Kong based maker of soy sauce, writes William Dawkins in Paris.

BSN bought Amoy, jointly owned by Pillsbury, the US food subsidiary of Grand Metropolitan, with Hang Lung, a Hong Kong group, for an undisclosed price.

INTERNATIONAL COMPANIES AND FINANCE

Warning on profits as CSR cuts dividend

By Kevin Brown in Sydney

CSR, the Australian sugar and building products group, yesterday cut its interim dividend to 10 cents from 16 cents last year and warned that full-year profits might not reach the downgraded level announced in September.

The board warned five weeks ago that profits would fall to "somewhere in the vicinity of A$200m" (US$156.3m) from A$326m a year ago. The group had earlier forecast a drop to A$275m.

In the year's third profit downgrade, Mr Ian Burgess, CSR managing director, said the company's four business groups – US and Australian building and construction materials, sugar and aluminium – remained depressed.

"CSR's worst projections for sugar and aluminium have been realised. Also, there is no sign of recovery for our building and construction materials businesses in either Australia or the United States, and strong competition exists in all markets," he said.

The profit forecast for the year "continues to come under pressure," he said. But the group did not issue a revised profit forecast.

CSR said it was announcing its interim dividend before the interim result, due on November 25, to ensure that shareholders would receive payments before the Christmas holidays. The group cut last year's annual dividend 8 cents to 32 cents.

It said results for the first half were expected to follow the normal pattern of being a little higher than the second half because of the cyclical nature of some of the group's businesses.

The group also said it was improving productivity and expected to reap "significant rewards" from economic recovery in Australia and the US, its two main markets.

In the short-term, however, sugar profits were expected to fall 60 per cent from last year's level of A$86m as a result of floods and drought during the growing season. Production is expected to fall 17 per cent to 7m tonnes.

CSR said aluminium prices were at their lowest since January 1987 and were expected to average about 20 per cent less than last year. The division made A$34m last year, but was expected to achieve "little better than breakeven".

The Australian building and construction business was not expected to match last year's profits of A$145m, but the group gave no indication of the likely extent of the decline. There was some confidence that the worst of the decline had passed.

The US construction materials division was benefiting from modest signs of recovery from depressed conditions but results would be "significantly down" on last year's A$35m.

Spectacular life sales set to slow

John Ridding finds competition looming in South Korea's market

OF ALL South Korea's rapidly-growing industries, few have matched the life assurance sector's rate of expansion.

In the two years from April 1989, total written premiums almost doubled to Won20,200bn ($26.9bn), making South Korea one of the world's 10 leading life assurance markets. Double-digit premium growth is expected again in the current fiscal year.

However, the effortless expansion of the industry, and in particular the six big companies which dominate it, is running into more turbulent times.

The government's policies of financial liberalisation are bringing competition from within and without the industry. While financial reform will also bring new opportunities, the life assurance companies will have to start changing if they want to stay ahead.

Mr C.K. Shin, president of Coryo-CM, a 50-50 joint venture between Korea's Coryo Group and Clerical Medical of the UK, says: "The new era in Korean insurance starts from now. There will be a shake-up in the insurance market."

The challenges facing the industry spring from these two sources of competition. On the one hand, the Korean life assurance market has seen a number of new entrants. Since 1987, 14 new Korean companies and 12 foreign companies have set up shop in Seoul.

New entrants have not yet made a significant dent in the market share of the six industry leaders which still enjoy more than 90 per cent of the total business. But there is little doubt that competition has intensified.

Mr Stanley Smith, vice-president of Samshin Allstate, a 50-50 joint venture between the US Allstate group and its Korean partner, says: "The new Korean companies have been very aggressive in their attempts to win market share." He argues that profitability has often been a secondary consideration in the new companies' strategies.

Competition has been most evident in the fight for door-to-door salesmen and women through whom the overwhelming majority of Korean life assurance policies are written.

Mr Han Jung Kil, director general of the insurance bureau at the Ministry of Finance, says: "The situation became so severe that the market was becoming seriously disrupted."

The solution is somewhat bizarre. According to Mr Han, the various life assurance companies reached a gentlemans' agreement – doubtless under pressure from the Big Six and the Ministry of Finance – that requires any company seeking to hire sales people from a rival company to obtain the latter's permission.

So far, the agreement seems to be holding. But for new companies hoping to enter the market, the disadvantages are obvious.

In the longer term, however, it is competition from outside the industry which would appear to pose a greater threat to the success of the life assurance companies.

In particular, the deregulation of interest rates, the cornerstone of the government's policy of financial deregulation, will enable Korea's commercial banks to tempt life assurance policyholders with more attractive interest rates.

KOREAN LIFE ASSURANCE*

	Won (bn)
Samsung Life	5,017
Daehan Kyoyuk	2,816
Daehan	2,679
Hangkuk	1,285
Cheil	1,246
Dong Ah	933

*Top six companies by annual premium income to March 31 1991

"Competition with other financial institutions will become intensified," says Mr Han. "The life companies will be at a disadvantage because they have to maintain a large sales force and their cost of sales is therefore very high."

Despite these adverse trends, the life assurance companies believe they are up to the challenge. Mr Kim Mahn Jae, chairman of Samsung Life, the largest of the companies with annual premiums of more than $5bn, says: "Our hands are not tied. With deregulation we will be able to offer new products and offer better rates of return."

This sentiment is echoed by the foreign companies operating in Seoul. Mr John Ferguson, executive vice-president of Coryo-CM, says: "We have a whole range of products sitting on the shelves back in the UK. We should be able to stay one step ahead."

But staying ahead is not just a question of whether the government will allow new products. Just as important is whether the products are accepted by the market.

In Korea, life assurance is still bought predominantly as a means of savings rather than as a means of protection. "Our most popular products are simple annuities," says Mr Ferguson, who adds that persistence of policies is also much lower than in other insurance markets.

Given that the expertise, and hence competitive advantage, of the assurance companies lies in selling assurance and protection products as opposed to savings instruments, the critical question is whether the perception of assurance in Korea will change.

Industry participants believe it will, but slowly. "Koreans living in the US buy insurance policies for insurance," says Mr Smith. "As the domestic economy continues to develop, so will the need and awareness to protect assets and livelihoods against risk." But he admits the process will be gradual.

To accelerate the process, and in preparation for eased ministry regulations, many of the companies are attempting to introduce more professional sales forces who can explain to customers the benefits of new products.

Samshin Allstate, for example, is sending its sales team leaders to the US for training, a strategy pursued by many other of the foreign or joint venture companies.

The prize awaiting assurance companies as the idea of assurance becomes better understood is great. Only 36 per cent of households have life assurance policies, compared with 92 per cent in Japan and 81 per cent in the US.

"There is a huge iceberg beneath the water" says Coryo-CM's Mr Shin. "Our task is to break into it and realise the potential."

Grupo Visa keen to sell minority stakes

By Damian Fraser in Mexico City

GRUPO VISA, one of Mexico's largest industrial conglomerates, has said that it is keen to sell minority stakes in a number of its businesses to foreign companies.

The move is being seen as an attempt to raise funds and strengthen the business after the group's main investors paid $2.55bn last week for Bancomer, Mexico's second largest bank.

Mr Eugenio Garza Sada, from one of Mexico's richest families, said in an interview that it was "very probable" that the company's brewery, Cerveceria Cuauhtemoc, would team up with a large foreign brewery in the near future. He also said that parts of the group's packaging and soft drinks businesses may be sold off.

Grupo Visa is planning to offer shares of Bancomer in the international equity markets in the near future.

Cuauhtemoc is responsible for roughly half of Mexico's beer output and its brands include Dos Equis, Bohemia, Tecate and Superior. In recent years, exports, mainly to the US, have accelerated, and now represent between 6 per cent and 7 per cent of total sales.

Mr Garza Sada would not say which foreign brewery might buy part of Cuauhtemoc, but local reports suggest Visa was planning to sell 40 per cent of the shares of Cuauhtemoc to Coors Technology Companies, the US brewer.

Investors from Grupo Visa reportedly had difficulties raising money a few days before the bank auction, and have had to raise a $1bn bridge loan, arranged by JP Morgan.

Mr Garza Sada, the head of Grupo Visa, denied that the decision to sell off minority shares in Visa companies was directly precipitated by the need to raise money.

The team-up with Coors, if it included sharing of distribution channels, should boost Cuauhtemoc's ability to penetrate the US market and in turn give Coors access to the fast-growing Mexican beer consumer market.

AMP integrates subsidiary assets into new group

The Australian Mutual Provident Society (AMP) is pooling the assets of its subsidiary companies to manage them as an integrated London group, writes Norma Cohen, Investment Correspondent.

The company has more than £13bn ($22.4bn) in funds under management, comprising the assets of Pearl Assurance and London Life, in addition to the international business of AMP in Australia and New Zealand.

Of these funds, £6.5bn is invested in UK shares. Another £2.8bn is in UK fixed interest securities, £2.3bn in international shares and bonds and £1.7bn in property.

AMP's asset management intends to eventually become a manager of funds for pension funds and other clients.

Rothmans rises 25% to M$170m

ROTHMANS of Pall Mall (Malaysia), a subsidiary of Rothmans International, the UK tobacco group, reported a 25 per cent rise in group pre-tax profit for the six months to the end of September to M$170m against US$137m last time, AP-DJ reports from Kuala Lumpur.

The company said: "Increases in group turnover and pre-tax operating profits reflect continuing growth in demand for the group's products. Higher investment income, together with effective cost control, has further improved operating profit.

"Barring unforeseen circumstances, profits for the second half-year are expected to continue at a satisfactory level."

INTERNATIONAL COMPANIES AND FINANCE

Insurance funds expected to meet bid conditions

By Nikki Tait in New York

AMERICA'S state insurance guaranty funds, attempting to put together a watertight bid for Executive Life of California (ELIC), were expected to claim yesterday that their offer had met nine conditions demanded by the California Insurance Department. In the process of trying to satisfy the department, the guaranty funds are believed to have enlisted $1bn of funding from the US life industry.

Given that the funds have never taken over a failed insurance company before – and that there are rival bidders for ELIC – any announcement is likely to be subject to intense scrutiny.

ELIC is a large, Los Angeles-based insurance company, which was seized by the California Insurance Department last April after a policyholder-run threatened its financial stability. ELIC owns a multi-billion dollar portfolio of junk bonds, having been a large customer of Drexel Burnham Lambert, and has hundreds of thousands of policyholders.

Last spring, the California Insurance Department put the business up for auction. A number of proposals were received and, on October 24, California's Insurance Commissioner agreed to back an initiative from the guaranty funds – made through their umbrella organisation, the National Organisation of Life and Health Insurance Guaranty Associations (Nolgha) – provided they could meet nine conditions by November 4.

These conditions centred on ensuring that the Nolgha offer was secure. The first requirement, for example, involved establishing the legal right of guaranty associations to operate an insurance company.

Since then, the life insurance industry has been in discussions with Nolgha over how it might support the initiative. Nolgha's bid is taking the insurance industry's guarantee system into uncharted waters: the normal purpose of the guaranty funds is to help make good the losses suffered by policyholders when an insurance company in its state goes bust. This is done by tapping other solvent insurers in the same state retroactively. As a result, the funds do not control a "pool" of money and lack extensive management resources.

There is, however, good reason for the industry to aid the bid. Whatever the outcome of the ELIC auction, the guaranty funds will have to make good some of ELIC policyholder losses, and Nolgha has argued that its suggested solution would save the industry some money.

Failed S&Ls produce a problem set in concrete

George Graham on RTC's attempts to realise assets

LOOKING south from his 17th-floor office towards the huge, shiny Legoland of downtown Dallas, Mr Jim Messec can see his problems in concrete form.

Mr Messec is the Dallas-Fort Worth area director of Resolution Trust Corporation (RTC), the US federal agency set up in 1989 to handle a wave of failed savings and loan organisations, and on the Dallas skyline he can see a sample of the foreclosed buildings that his agency has inherited from them. "If it doesn't have a problem, we don't own it," he says.

Nationwide, the RTC has in two years of existence taken over 571 troubled savings banks with combined assets of over $341bn. Some it has been able to sell on to other banks or investors, usually after taking over the worst loans. For others, the only resolution has been to wind them down by paying off depositors and selling off assets.

RTC has ended up with huge portfolios of mortgages, property and consumer loans, as well as a mixed bag of foreclosed properties ranging from churches to paddle steamers. In Texas, where the savings and loan crisis struck earlier and harder than in many other parts of the country, it owns 50 to 60 per cent of most segments of the property market.

Many of the properties have been vandalised, and three-quarters have some kind of title dispute.

"When people get foreclosed on, they often get mad and smash up the place before they move out," says Mr Dennis Dorsey, president of Northcorp, a property company set up last year to specialise in managing assets for the RTC.

Mr John Shivers, president of Southwest Bank in Fort Worth, complains that many of the problems arise from unnecessary foreclosures on families and businesses which were fully able to keep up payments on loans.

"They could collect their money if they would just go ahead and work with these people," he says.

William Taylor: took over last month as head of RTC

Bankers also complain that the RTC accepts fire sale prices, depressing property valuations throughout the state and undermining their own property-backed loan books.

The RTC cannot win: if it sells low, it faces criticism for depressing the market; if it sells high, it is attacked as a bureaucratic monster which is too slow at its job.

Ms Carmen Sullivan, director of RTC's south-west region, agrees that her organisation is more bureaucratic than a private sector corporation.

"Because we are a federal agency and we work for the taxpayer, there is going to be more bureaucracy than in the private sector, but that is not necessarily bad," she says.

For larger properties, the RTC pitches its initial starting price at up to 20 per cent below appraisal value, dropping progressively the longer the property remains unsold. But RTC is now moving towards bulk sales in an effort to clear its books more rapidly.

"We are holding $100bn in assets without a ready market. If we sold $1m a day, it would take 300 years .... We must sell large packages to large buyers," said Mr William Seidman, who headed RTC for its first two years of existence before handing over to Mr William Taylor last month. But RTC's efforts to sell these property packages have drawn criticism that it is giving too favourable terms to the handful of investors involved.

The spotlight has always focused on the RTC's huge property portfolio, but this is only a small portion of the assets the agency must sell – a third of the total in Texas, and only 12 per cent nationwide.

Most of the assets are loans – around half of them single-family mortgages – and by no means all are in default.

Competition for smaller packages of loans is keen, and bids often reach between 92 and 100 per cent of face value. There are fewer potential bidders for larger packages but some have still sold for more than 80 cents in the dollar.

Nationwide, RTC has in two years sold $187bn of the $341bn assets it took over. So far this year it has averaged 94 per cent of book value on mortgages and loans and 65 per cent of book value on property

It may not be easy to keep up this pace, or to complete the sell-off by 1996, when Congress has decreed that the agency should be wound up.

"Let's be realistic, you are going to start by blowing the product out that's easiest to sell, then you are going to start getting into the tough stuff," says Mr Messec.

Nevertheless, RTC officials say these disposal numbers are evidence that they are getting the job done. "This is a huge, monstrous problem and I have been at it for 18 months now. We started with nothing, no systems, no people, and I think we've done a pretty damn good job," complains Mr Messec, most of whose career has been spent in the private sector as a consultant to banks with troubled loan portfolios.

Many of those who have worked with the RTC back Mr Messec on this. "We work with them on a business basis and they're as strong as any real estate company in America. It's real easy to find someone who can handle good real estate, but they can handle bad real estate," says Northcorp's Mr Dorsey.

CanPac tumbles to C$52m loss

By Robert Gibbens in Montreal

LOSSES by the big forest products subsidiary and heavy write-downs severely depressed Canadian Pacific's third-quarter and nine-month results.

The big resource and transportation group posted a loss of C$51.8m (US$46.2m), or 16 cents a share, for the third quarter after a C$101m special write-down covering its share of Laidlaw's revaluation of its ADT investment.

CanPac offset this write-down partly with a C$42.5m gain on the sale of its forest products subsidiary's tissue products business.

A year earlier, it reported overall profit of C$74.3m, or 23 cents a share. Total third-quarter consolidated revenues were C$2.49bn, against C$2.59bn.

The first nine months showed a loss of C$26.2m, or 8 cents a share, against profit of C$252.1m, or 79 cents, on revenues of C$7.5bn against C$7.8bn. Real estate, hotels and transportation also showed weaker income.

Energy and telecommunications did better, while CP Rail hauled more grain while other commodities were lower.

Included was a loss of C$103.5m from CanPac's 18.8 per cent equity interest in Laidlaw, against income of C$20m a year earlier.

Laidlaw, an international waste management business, was severely affected by the North American recession.

CanPac warned that operating results will continue "disappointing until the economy gathers upward momentum".

Carolco completes $65m placement

By Karen Zagor in New York

CAROLCO Pictures, the US film production company which is strapped for cash in spite of its recent "Terminator 2" box office hit, has completed a private placement of $65m in convertible securities. The funds will be used to repurchase Carolco's 14 per cent senior notes due 1993.

Mr Mario Kassar and Mr Peter Hoffman, respectively Carolco's chairman and chief executive, said: "We are very pleased to have completed this important step for Carolco in its long-term plan to deleverage its balance sheet, extend the maturities of its debt and reduce its interest costs."

Anglo American to sell bulk of stake in Gencor

By Philip Gawith in Johannesburg

ANGLO American, South Africa's largest mining house, has announced that it will be selling by tender the bulk of its stake in Gencor, its largest competitor, in a deal likely to raise up to R600m ($210m).

Anglo has not explained the reason for the deal, but Mr Tim Sewell, an executive director of UAL, the merchant bank handling the tender, said it was a repositioning of investments. At March 31, Anglo held a 5.3 per cent stake in Gencor, worth about R780m at current market prices. According to Mr Sewell, Anglo will be selling most of its stake.

One issue concerns the timing of Anglo's announcement. Last week, Gencor said it would be holding a rights issue early in 1992 to raise about R2bn. The two events may not be related, but if they are, Anglo's decision is not a very friendly one. The friendly view is that Anglo is selling now before the share price weakens because of the rights issue.

Although South Africa is a notoriously illiquid market, Gencor is fairly well traded. Given this, market speculation is that tender prices will be below the prevailing market price of R12.50.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange (rounded) against four key currencies on Monday, November 4, 1991. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY		£ STG	US $	D-MARK	YEN (X 100)
Afghanistan	(Afghani)	99.25	55.7427	34.1652	43.2461
Albania	(Lek)	10.29	5.7792	3.5421	4.4836
Algeria	(Dinar)	39.84	22.3757	13.7142	17.3594
Andorra	(Fr Fr)	9.9350	5.5798	3.4199	4.3289
	(Sp Peseta)	182.75	102.64	62.9087	79.6296
Angola	(Kwanza)	102.504	57.5703	35.2853	44.664
Antigua	(E Carr $)	4.7844	2.6871	1.6469	2.0847
Argentina	(Austral)	17609.11	9889.98	6061.66	7672.81
Aruba	(Florin)	3.17	1.7803	1.0912	1.3812
Australia	(Aus $)	2.2645	1.2718	0.7795	0.9867
Austria	(Schilling)	20.465	11.4939	7.0447	8.9172
Azores	(Port Escudo)	250.15	140.494	86.1101	108.998
Bahamas	(Bahama $)	1.7805	1	0.6129	0.7758
Bahrain	(Dinar)	0.6665	0.3743	0.2294	0.2904
Balearic Is	(Sp Peseta)	182.75	102.64	62.9087	79.6296
Bangladesh	(Taka)	64.90	36.4504	22.3407	28.2788
Barbados	(Barb $)	3.56	1.9994	1.2254	1.5511
Belgium	(Belg Fr)	59.95	33.6703	20.6368	26.122
Belize	(B $)	3.544	1.9904	1.2199	1.5442
Benin	(CFA Fr)	496.75	278.995	170.998	216.449
Bermuda	(Bermudian $)	1.7805	1	0.6129	0.7758
Bhutan	(Ngultrum)	45.884	25.7702	15.7948	19.993
Bolivia	(Boliviano)	6.53	3.6675	2.2478	2.8453
Botswana	(Pula)	3.7664	2.1153	1.2965	1.6411
Brazil	(Cruzeiro)	1150.685	646.271	396.105	501.388
Brunei	(Brunei $)	2.9702	1.6681	1.0224	1.2942
[illegible]					
Falkland Is	(Falk £)	1.00	0.5616	0.3442	0.4357
Faroe Is	(Danish Kroner)	11.2800	6.3352	3.8829	4.915
Fiji Is	(Fiji $)	2.5109	1.4102	0.8643	1.094
Finland	(Markka)	7.0715	3.9716	2.4342	3.0812
France	(Fr)	9.9350	5.5798	3.4199	4.3289
Fr. Cty/Africa	(CFA Fr)	496.75	278.995	170.998	216.449
Fr. Guiana	(Local Fr)	9.9350	5.5798	3.4199	4.3289
Fr. Pacific Is	(CFP Fr)	179.55	100.842	61.8072	78.2352
Gabon	(CFA Fr)	496.75	278.995	170.998	216.449
Gambia	(Dalasi)	16.072	9.0266	5.5325	7.003
Germany	(D-Mark)	2.9050	1.6315	1	1.2657
Ghana	(Cedi)	667.17	374.709	229.663	290.706
Gibraltar	(Gib £)	1.00	0.5616	0.3442	0.4357
Greece	(Drachma)	325.825	182.996	112.16	141.972
Greenland	(Danish Krone)	11.2800	6.3352	3.8829	4.915
Grenada	(E Carr $)	4.7844	2.6871	1.6469	2.0847
Guadaloupe	(Local Fr)	9.9350	5.5798	3.4199	4.3289
Guam	(US $)	1.7805	1	0.6129	0.7758
Guatemala	(Quetzal)	9.0914	5.106	3.1295	3.9613
Guinea	(Fr)	1439.38	808.413	495.484	627.181
Guinea-Bissau	(Peso)	1110.23	623.55	382.179	483.76
Guyana	(Guyanese $)	214.87	120.68	73.9655	93.6252
Haiti	(Gourde)	8.86	5	3.0499	3.8605
Honduras	(Lempira)	9.4721	5.3199	3.2606	4.1272
Hong Kong	(HK $)	13.8077	7.7549	4.753	6.0164
Hungary	(Forint)	130.115	73.0777	44.79	56.6949
Iceland	(Icelandic Krona)	103.70	58.242	35.697	45.1851
India	(Indian Rupee)	45.884	25.7702	15.7948	19.993
Indonesia	(Rupiah)	3509.82	1971.26	1208.2	1529.33
Iran	(Rial)	115.50	64.8694	39.759	50.3267
Iraq	(Iraqi Dinar)	0.5936	0.3333	0.2043	0.2586
Irish Rep	(Punt)	1.0880	0.611	0.3745	0.474
Israel	(Shekel)	4.26	2.3925	1.4664	1.8562
Italy	(Lira)	2177.50	1222.97	749.57	948.802
Jamaica	(Jamaican $)	31.0825	17.4571	10.6996	13.5435
[illegible]					
Namibia	(S A Rand)	4.9855	2.8	1.7161	2.1723
Nauru Is	(Australian $)	2.2645	1.2718	0.7795	0.9867
Nepal	(Nepalese Rupee)	75.49	42.3982	25.9862	32.8932
Netherlands	(Guilder)	3.2750	1.8393	1.1273	1.427
N'nd Antilles	(A/Guilder)	3.1719	1.7814	1.0918	1.382
New Zealand	(NZ $)	3.1577	1.7734	1.0869	1.3759
Nicaragua	(Gold Cordoba)	8.86	4.9761	3.0499	3.8605
Niger Rep	(CFA Fr)	496.75	278.995	170.998	216.449
Nigeria	(Naira)	17.3656	9.7532	5.9778	7.5667
Norway	(Nor. Krone)	11.3950	6.3998	3.9225	4.9651
Oman	(Rial Omani)	0.6807	0.3823	0.2343	0.2966
Pakistan	(Pak. Rupee)	43.5966	24.4855	15.0074	18.9963
Panama	(Balboa)	1.7805	1	0.6129	0.7758
Papua New Guinea	(Kina)	1.6738	0.94	0.5761	0.7293
Paraguay	(Guarani)	2328.74	1307.91	801.632	1014.7
Peru	(New Sol)	1.66	0.9323	0.5714	0.7233
Philippines	(Peso)	46.6725	26.2131	16.0662	20.3366
Pitcairn Is	(£ Sterling)	1.00	0.5616	0.3442	0.4357
	(NZ $)	3.1577	1.7734	1.0869	1.3759
Poland	(Zloty)	19497.00	10950.3	6711.53	8495.42
Portugal	(Escudo)	250.15	140.494	86.1101	108.998
Puerto Rico	(US $)	1.7805	1	0.6129	0.7758
Qatar	(Riyal)	6.4355	3.6144	2.2153	2.8041
Reunion Is. de la	(F/Fr)	9.9350	5.5798	3.4199	4.3289
Romania	(Leu)	103.29	58.0117	35.5559	45.0065
Rwanda	(Fr)	215.60	121.09	74.2168	93.9433
St Christopher	(E Carr $)	4.7844	2.6871	1.6469	2.0847
St Helena	(£)	1.00	0.5616	0.3442	0.4357
St Lucia	(E Carr $)	4.7844	2.6871	1.6469	2.0847
St Pierre	(French Fr)	9.9350	5.5798	3.4199	4.3289
St Vincent	(E Carr $)	4.7844	2.6871	1.6469	2.0847
San Marino	(Italian Lira)	2177.50	1222.97	749.57	948.802
Sao Tome	(Dobra)	425.28	238.854	146.396	185.307
Saudi Arabia	(Riyal)	6.6309	3.7241	2.2825	2.8892
Senegal	(CFA Fr)	496.75	278.995	170.998	216.449
Seychelles	(Rupee)	9.3345	5.2426	3.2132	4.0673
Sierra Leone	(Leone)	713.80	400.899	245.714	311.024
[illegible]					
Venezuela	(Bolivar)	97.4783	54.7477	33.5553	42.4742
Vietnam	(Dong)	22061.40	12390.6	7594.29	9612.81
Virgin Is-British	(US $)	1.7805	1	0.6129	0.7758
Virgin Is-US	(US $)	1.7805	1	0.6129	0.7758
Western Samoa	(Tala)	4.215	2.3673	1.4509	1.8366
Yemen (Rep of)	(Rial)	21.44	12.0415	7.3803	9.342
Yemen (Rep of)	(Dinar)	0.8169	0.4588	0.2812	0.3559
Yugoslavia	(Dinar)	37.7776	21.2174	13.0043	16.4608
Zaire Rep	(Zaire)	42854.00	24068.5	14751.8	18672.8
Zambia	(Kwacha)	137.1528	77.0304	47.2126	59.7615
Zimbabwe	($)	8.7714	4.9263	3.0194	3.8219

Special Drawing Rights November 1, 1991 United Kingdom £0.786031 United States $1.36848 Germany D Mark 2.28331 Japan Yen178.792
European Currency Unit Rates November 4, 1991 United Kingdom £0.703889 United States $1.24821 Germany D Mark 2.04531 Japan Yen161.481

Abbreviations: (a) Free rate; (b) Banknote rate; (c) Commercial rate; (d) Controlled rate; (e) Essential imports; (g) Financial rate; (h) Exports; (i) Non commercial rate; (j) Business rate; (k) Buying rate; (l) Luxury goods; (m) Market rate; (n) Public transaction rate; (o) Official rate; (p) preferential rate; (q) convertible rate; (r) parallel rate; (s) Selling rate; (t) Tourist rate (u) Currencies fixed against the US Dollar;
Some data supplied by Bank of America, Economics Department, London Trading Centre. Enquiries: 071 634 4360/5.
Monday, November 4, 1991

INTERNATIONAL CAPITAL MARKETS

Treasuries slide ahead of quarterly refunding

By Patrick Harverson in New York and Sara Webb in London

US BOND prices fell at the long end of the maturity range yesterday as market players traded cautiously ahead of today's opening round in the Treasury's quarterly refunding auctions.

In late trading, the benchmark 30-year government issue was down ¼ at 101⅞, yielding 7.952 per cent. The two-year note, however, held its ground at 100⅔, yielding 5.629 per cent.

The fall in prices was not a reflection of any shift in underlying sentiment, rather the result of participants' reluctance to commit funds to the market before this week's big injection of supply. Quarterly refunding kicks off later today with the sale of $14bn of three-year notes, followed by tomorrow's auction of $12bn of 10-year notes and Thursday's sale of $12bn in 30-year bonds.

On the policy front, the market still expects an ease by the Fed this week, with the betting on a cut in the discount rate from 5 per cent to 4.5 per cent. The Fed may also lower the Fed funds rate, although yesterday's execution of $2bn in customer repurchase agreements was not seen as a an easing move. After the intervention Fed funds remained at 5 per cent.

■ UK government bonds ended the day mixed, with traders reporting low volumes head of tomorrow's autumn statement by Mr Norman Lamont, Chancellor of the Exchequer, who is due to announce public spending plans for the 1992-93 tax year and a range of economic forecasts.

The gilt market is likely to focus on the Chancellor's inflation rate forecasts and public spending plans.

The statement is expected to include an estimate of the public sector borrowing requirement for 1991-92 and revised spending plans for the next two years.

The gilt market opened weaker yesterday on worries that the statement would include higher-than-expected government spending plans, which in turn would lead to an increase in gilt issuance.

The Liffe gilt future contract opened at 94.11 and traded up to 94.19 by late afternoon.

The benchmark 11¾ per cent gilt due 2003/07 slipped from its opening of 113 to 112⅞.

Short-dated gilts remained firm, and traders reported some buying interest on speculation there may be a cut in the base rate soon.

■ GERMAN government bonds slipped during the day on worries over the government's plans on taxing investment income.

Turnover in the futures market was light with only about 17,000 bund futures contracts traded on Liffe. The futures contract opened at 85.46 and closed at 85.39. Domestic news reports have suggested the government plans to introduce a 25 per cent withholding tax, from which foreigners would be exempt.

However, an announcement is due at the beginning of next week.

The announcement in 1987 of a 10 per cent withholding tax on interest earnings hit the German bond market and the tax was repealed in July 1989, only six months after its introduction.

■ THE Japanese government bond market was closed yesterday for a public holiday.

GOVERNMENT BONDS

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		12.000	11/01	113.5936	0.066	9.84	10.03	10.18
BELGIUM		9.000	08/01	99.2500	-0.200	9.11	9.14	9.09
CANADA *		9.750	12/01	106.9000	-0.100	8.71	9.01	9.07
DENMARK		9.000	11/00	100.3250	-	8.94	8.97	9.03
FRANCE	BTAN	8.500	11/96	98.1539	-0.148	8.96	8.96	9.04
	OAT	9.500	01/01	104.2300	-0.300	8.80	8.83	8.86
GERMANY		8.25	09/01	99.1500	-0.140	8.38	8.38	8.23
ITALY		12.000	06/01	97.6500	-0.150	12.42	12.47	12.52
JAPAN	No 119	4.800	06/99	92.6988	-	6.21	6.22	6.21
	No 129	6.400	03/00	102.9772	-	5.87	5.87	5.87
NETHERLANDS		8.500	03/01	98.1000	-0.150	8.80	8.81	8.69
SPAIN		11.900	07/96	100.7500	-0.150	11.63	11.69	11.54
UK GILTS		10.000	11/96	100-27	+0/32	9.79	9.80	9.64
		10.000	02/01	101-09	+0/32	9.78	9.80	9.61
		9.000	10/08	95-07	+0/32	9.57	9.58	9.42
US TREASURY *		7.875	08/01	102-18	-6/32	7.49	7.68	7.42
		8.125	08/21	101-28	-11/32	7.95	8.05	7.81

London closing, *New York closing
Prices: US, UK in 32nds, others in decimal
Yields: Local market standard
Technical Data/ATLAS Price Sources

Central Capital may sell assets to cut debt

CENTRAL Capital, a troubled financial services group, wants to sell part of its mortgage insurance arm to help cut debt estimated at C$1.5bn (US$1.36bn), writes Robert Gibbens in Montreal.

Earlier, Central Capital, controlled by Montreal financier Mr Leonard Ellen, tried unsuccessfully to sell its centrepiece, Guaranty Trust, to the financial service subsidiary of BCE, Canada's largest holding company.

No other bidder has emerged.

Analysts estimate Guaranty, the country's fourth largest trust company, to be worth about $400m.

Proceeds of a secondary offering of the mortgage insurance units' stock would lead to repayment of part of Central Capital's debt. Both Guaranty and the insurance unit are profitable.

Last week, Mr George Anderson suddenly resigned from leadership of Guaranty and senior executives of Central Capital, including chairman Mr Robert Graham, took the reins.

Mr Anderson had been recruited in 1990 from Canada Mortgage and Housing Corp, a Crown corporation, and had tried to put distance between Guaranty and its parent.

Mr Graham said that Central Capital is still ready to sell Guaranty, which is being closely monitored by Federal regulators.

Both Canadian bond rating agencies have issued warnings in respect of Guaranty's debt. They say they are concerned by rising non-performing loans, mainly for property.

FT/AIBD INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Closing prices on November 4

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
ABBEY NATIONAL 8 7/8 93	150	103¼	103⅝		6.35
ALBERTA PROVINCE 9 3/8 95	600	107¼	108		7.07
AUSTRIA 8 1/2 00	400	103¼	103⅝	-⅛	7.94
BANK OF TOKYO 8 3/8 96	100	102⅞	103¼	-⅛	7.63
BELGIUM 9 5/8 98	250	109¼	109½	-⅛	7.81
[illegible]					
WORLD BANK 7 01	600	100¼	100¼	-⅛	6.95
YEN STRAIGHTS					
AUSTRIA 4 3/4 94	30000	97¼	98		5.86
CREDIT FONCIER 5 1/4 94	20000	97¾	98¼		6.05
DENMARK 7 95	40000	103¼	103¾		5.90
EIB 4 5/8 94	40000	97¾	97⅞		5.77
FINLAND 6 3/4 96	50000	102¼	102⅞		6.07
GENERAL ELECTRIC 5 3/4 93	35000	99¼	99¾		6.29
INTER AMER DEV 7 1/4 00	30000	108½	108¾	+⅛	5.94
KANSAI ELEC PWR 4 5/8 94	60000	96⅝	96⅞		6.11
NIPPON TEL & TEL 5 7/8 96	50000	99¼	99⅞		5.99
NORWAY 5 1/8 95	50000	97¼	98	+⅛	5.86
SNCF 6 3/4 00	30000	105¾	105¾		5.91
SWEDEN 5 5/8 95	20000	98¼	99¼		5.99
WORLD BANK 6 3/4 00	50000	105½	105¾		5.89

OTHER STRAIGHTS	Issued	Bid	Offer	Chg. day	Yield
BAYERISCHE VEREINS INT 7 94 LFr	600	94	95		9.59
KREDIETCORP 7 93 LFr	1000	95½	96¼	-¼	9.79
WORLD BANK 8 96 LFr	1000	96½	97½	+⅛	8.96
BCE INC 9 3/8 93 C$	300	101⅞	102⅜	+⅛	8.16
BELL CANADA 10 5/8 99 C$	150	106¼	106¾	-⅛	9.45
[illegible]					

CONVERTIBLE BONDS	Issued	Cnv. price	Bid	Offer	Prem.
[illegible]					
GOLD KALGOORLIE 7 1/2 00	65	1.0554	77	78	-49.55
HANSON 9 1/2 06 £	500	2.5875	99	99¾	+21.17
HAWLEY 6 02 PREF	400	19.1	83½	84½	
HILLSDOWN 4 1/2 02 £	150	3.97	114½	115½	
LAND SECS 6 3/4 02 £	84	6.72	84¾	85¾	+13.90
LASMO 7 3/4 05 £	90	5.64	79½	80½	+42.34
MITSUI BANK 2 5/8 03	200	2337	108⅞	102¾	+14.49
MOUNT ISA FIN 6 1/2 97	150	2.283	91	92	+14.70
OGDEN 6 02	85	39.077	74¾	75¾	+33.74
SMITH & NEPHEW 4 02 £	90	1.775	117¾	118½	+57.15
SUMITOMO BANK 3 1/8 04	300	3606.9	79⅞	80⅞	+13.89
TEXAS INSTRUMENTS 2 3/4 02	300	82⅞	86¼	87⅞	
THORN EMI 5 3/4 04 £	103	7.45	117½	118½	+8.34

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (three-month §above mean rate) for US dollars. C.cpn = The current coupon
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

INTERNATIONAL CAPITAL MARKETS

High-yielding Czech deal receives warm reception

By Simon London

CZECHOSLOVAKIA yesterday launched its first Eurodollar bond offering, underlining the gradual return of eastern European borrowers to the international capital markets.

Statni Banka, the central bank, launched a $200m three-year issue, lead-managed by Nomura Securities. The bonds carry a coupon of 9 per cent and were priced at 99.61, where they yield 3 per cent more than US government bonds of the same maturity.

INTERNATIONAL BONDS

Participants in the deal said the high yield attracted strong demand. Nomura reported buying from German and other continental European retail investors, Japanese and offshore US accounts.

However, demand for debt issued by eastern European remains fragile and sensitive to setbacks. For example, the National Bank of Hungary has delayed an issue of sterling bonds because of the political upheaval in neighbouring Yugoslavia.

Czechoslovakia faces internal political stresses between the Czech and Slovak republics. The covenants of yesterday's issue make it an event of default should Statni Banka cease to be the central bank of either of the constituent republics or the country as a whole.

In terms of outstanding foreign debt, Czechoslovakia is seen as a stronger credit than Hungary. It has only around $9bn foreign debt, against $20bn for Hungary. Foreign debt per capita is around 25 per cent the level of Hungary.

The pricing of yesterday's issue was designed to take this into account. The 300 basis point yield spread over three-year US Treasury paper compares with a 330 basis point spread available on National Bank of Hungary bonds in the secondary market at the five-year maturity.

Elsewhere, Auto Funding, a special purpose vehicle of Automotive Financial Services, a privately-owned car finance company, launched a £320m asset-backed deal.

The deal is only the second issue backed by car loans in the sterling bond market.

Lead-managed by UBS Phillips & Drew, the issue has an average life of four years and pays a margin of 65 basis points over the three-month London interbank offered rate. At the fixed re-offer price of 99.70, the discounted margin is 73 basis points over Libor.

The pricing was seen as generous by market participants. For example, last week's £75m mortgage-backed deal from National Home Loans, the centralised mortgage lender which required an emergency funding package earlier this year, were priced at a margin of 75 basis points.

Bonds backed by car loans are seen by intermediaries as more difficult to sell than mortgage-backed securities. The bonds carry a full risk-weighting under international bank capital adequacy rules and are therefore less attractive purchases for banks. Yesterday's issue will carry a triple-A credit rating on the basis of £40m privately placed subordinated notes, which will absorb any losses on the car loans which underline the issue.

In the Australian dollar sector, Deutsche Bank Australia and State Bank of South Australia raised A$100m and A$150m respectively. The Deutsche Bank deal carried a 9 per cent coupon, the lowest in the memory of Euromarket participants, emphasising how far Australian interest rates have fallen in recent years. With another cut in interest rates anticipated, both deals were well received and traded comfortably within fees.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Statni Banka(a)†	200	9	99.61	1994	1⅜/0.85	Nomura Secs.
STERLING						
Auto Funding(b)‡†	220	(b)	100	1996	60/30bp	UBS Phillips & Drew
AUSTRALIAN DOLLARS						
State Bk of Sth.Aust.(a)†	150	10	100.80	1998	2/1¼	Hambros Bank
Deutsche Bk Aust.(a)†	100	9	101¼	1996	2/1¼	Deutsche Bk Cap.Mkts.
LIRE						
Commerzbank Fin.Co.(a)†	150bn	11.70	101.775	1996	1⅞/1¼	Banco di Roma
FRENCH FRANCS						
Credit Foncier de France(c)†	2.5bn	9⅛	98.95	2004	(c)	Credit Lyonnais

**Private placement. §Convertible. ¢With equity warrants. ‡Floating rate note. †Final terms. a) Non-callable. b) Special purpose vehicle of Automotive Financial Services. Coupon pays 65bp over 3-month Libor. Non-callable. c) Amount increased from FFr2bn. Management and Underwriting fee - 35bp. Non-callable.

Warburg Saiken Fund raises £155m

WARBURG Investment Trust Co said its yen-denominated Warburg Saiken Fund, a Japanese Investment Trust, has raised £155m ($269.7m) in its offering period, writes Norma Cohen. It thus becomes the largest investment trust yet sold in Japan on behalf of a foreign-owned investment manager.

The Saiken Fund invests in global bonds, with investors receiving yen-denominated dividends. It will be actively managed and its performance is intended to track a world bond index.

It will operate as a closed-end fund for the first two years of its life.

Warburg Investment Trust is a 75 per cent owned subsidiary of Mercury Asset Management. The Saiken Fund has been distributed in Japan by Daiwa Securities Co.

American Express debt downgraded

By Alan Friedman in New York

AMERICAN EXPRESS, reeling from a string of bad debts, huge write-offs, management changes and losses in its Travel Related Services (TRS) division, yesterday said it was disappointed at a decision by Moody's, the US credit rating service, to downgrade $7bn of American Express long-term debt.

The Moody's downgrade, which affects senior domestic and Eurodebt, domestic and Japanese shelf registrations and a variety of subsidiaries, including the American Express Bank, comes a few days after American Express disclosed a 91 per cent fall in third-quarter net earnings.

Last month, American Express said it would take a $265m charge to cover a sharp increase in bad debts relating to its Optima credit card and for a restructuring programme designed to cut costs and bolster its marketing effort.

The company said then that $24m of the charge was for Optima write-offs that should have been recognised in the previous three quarters but had not because of "certain failures to comply properly with internal credit policies."

During the third quarter, American Express's TRS division suffered an $88m net loss, in sharp contrast to net income of $277m in the same period of 1990.

The Optima problems led American Express to launch an internal investigation of inaccurate filings made over a nine-month period to the Federal Deposit Insurance Corporation (FDIC) by Centurion Bank, the Delaware subsidiary that issues the Optima card.

Yesterday, Centurion was one of the American Express divisions to suffer a ratings downgrade; its long-term deposits and medium-term bank notes were reduced to Aa3 from Aa2. Moody's said the downgrades – which include a shift to A1 from Aa2 on senior domestic debt and Eurodebt – reflect "growing asset quality and competitive challenges in American Express's core travel relation services segment."

The painful road to privatisation

Nicholas Denton on the black mood of Hungary's stock exchange

OFFICIALS, advisers and investors are making the painful discovery that privatisation does not come easy in turbulent eastern Europe – even in Hungary, home to the region's most developed financial infrastructure.

For Hungary, the moment of truth came last week when state officials reluctantly pulled the public offering of Danubius, a hotel chain which is the closest thing in the region to a blue-chip company.

The State Property Agency (SPA), the privatisation authority, postponed the issue for six months and declared that options other than a stock market flotation would now be considered.

The immediate reason for the postponement was a government decision to remove tax breaks which had contributed significantly to Danubius's earnings in recent years. But that was simply the final straw in a whole string of negative events.

It may have sunk more than just a single flotation.

"We feel that a stock market flotation is unrealistic – or very difficult if we try," said Mr Peter Rajcsanyi, the SPA's director in charge of set-piece privatisations. "There will be no new ones, just those in the pipeline."

The Danubius issue was vital because it was the last chance for the time being for privatisation onto the stock market.

"To date, the record of flotations has been pretty poor," says a western adviser at the SPA. "Investors out there are always asking why the share price always went down after the initial public offering."

The suspicion is rooted in the share price performance of Ibusz, the travel agency whose privatisation issue launched the Budapest Stock Exchange. Ibusz raised great hopes when it was launched in June 1990, causing the issue to be oversubscribed 23 times. But now it languishes at about Ft2800, against an issue price of Ft4900.

Foreign investors have placed Kcs10bn ($331.7m) in joint ventures in Czechoslovakia, Reuter reports.

Opening an investment forum in Prague, Mr Domingo Siazon, the director-general of the United Nations Industrial Development Organisation, said joint ventures between Czechoslovak and foreign firms were worth a total of Kcs24bn.

He said foreign investment in joint ventures in Czechoslovakia, worth $10m in early 1988, had risen dramatically. In May, Czech companies had 365 links with German companies, 100 with US and over 80 with UK companies.

Could the Danubius issue have conquered prejudices? "It would have been the biggest and best deal," said the western adviser. "Danubius is a serious Hungarian equity, a quantum leap above the others." It's pre-tax profits rose 70.4 per cent to Ft969m ($12.8m) in 1990 and prior to the tax changes a market capitalisation of Ft11bn had been forecast.

Yet as privatisation approaches, even the most superficially attractive of Hungarian companies have lost their allure under the light of the auditors' torches. The investigators have exposed assets pledged as security, bad loans and balance sheets clogged up with receivables.

Even after the books have been balanced, unpleasant surprises lurk in the confused environment of a rapidly changing economy.

Unpredictable tax changes, including the latest one, reduced Danubius's estimated market value by about 40 per cent. Pannonplast, a state plastics manufacturer, was hit hard by the sudden loss of its Soviet market. Credit Suisse First Boston, the company's privatisation advisers, have kept a planned share placement in the west on hold for the past four months.

Even companies already quoted on the stock exchange have generally reported disappointing profits. And these companies are the cream of the Hungarian economy.

With so much uncertainty, it is not surprising that portfolio investors have been wary. "Corporates are more prepared to invest money here than financials, perhaps because the latter have less control over their investment," said a western investment banker.

Domestic investors have been equally circumspect. "The habit of buying shares has just not caught on," said Mr Andras Simor who heads CA Securities in Budapest, part of the Creditanstalt group.

Hungary's broking community complains that domestic investors are interested only in fixed income and that shares cannot compete with bank savings accounts amid Hungary's high interest rates.

The Budapest Stock Exchange index hovers at about 800, depressed by the conflict in neighbouring Yugoslavia and down a third since April. Brokers' one-time hopes for a recovery after the summer had rested on the prospect of a spate of attractive privatisation issues led by Danubius. These will not now materialise.

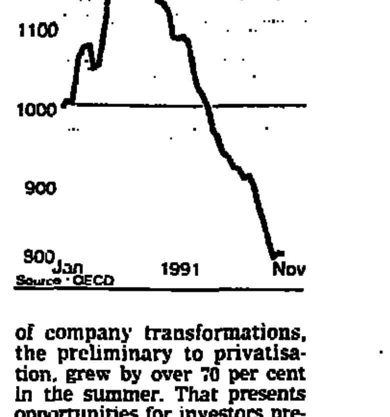
But just because Hungarian privatisation is bypassing the stock market does not mean it is not happening. The number of company transformations, the preliminary to privatisation, grew by over 70 per cent in the summer. That presents opportunities for investors prepared to take the longer view.

Investment funds such as John Govett's Hungarian Investment Company certainly believe so and have remained active in taking up private placements.

More importantly, simple acquisitions of state companies by multinationals have pushed foreign direct investment to more than $1bn so far this year.

Hungary

Budapest Stock Market Index



Eurodollar futures open interest surges on CME

By Barbara Durr in Chicago

THE Eurodollar futures contract at the Chicago Mercantile Exchange yesterday broke the 1m mark for open interest, the first futures contract ever to do so. Open interest is the number of contracts outstanding.

In early trading, Eurodollar futures open interest surged to 1,009,193 contracts, representing a dollar value of outstanding contracts of more than $1,000bn, roughly equal to one-fifth the US GNP.

The use of the contract has steadily grown as banks and other depository institutions have had to hedge their short-term interest rate risk.

In particular, US interest rates have been falling since the summer, forcing institutions to protect their downside risk and prompting borrowers to lock in the lower rates.

In addition, Eurodollar futures have expanded because of the growth of swaps, which often use the contract to hedge customised products and the increasing number of international financial institutions that have entered the market.

Australian bank in asset sale

STATE Bank of South Australia is selling the Sydney arm of its stockbroking unit, Day Cutten, to Hambros Australia, part of the Hambros group of the UK, AP-DJ reports. The residual business in Adelaide, Mt Gambier and Melbourne will be sold to management. Financial details of the sales are not publicly available.

LONDON MARKET STATISTICS

FT-ACTUARIES SHARE INDICES

© The Financial Times Ltd 1991. Compiled by the Financial Times Ltd in conjunction with the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Mon Nov 4 1991 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1991 to date	Fri Nov 1 Index No.	Thu Oct 31 Index No.	Wed Oct 30 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (181)	811.09	-0.7	9.39	5.99	13.32	31.79	816.65	816.03	819.79	684.91
2	Building Materials (23)	998.65	-1.0	7.41	6.24	17.77	41.35	1009.10	1001.96	1004.38	925.83
3	Contracting, Construction (30)	1073.55	-0.4	7.56	6.85	18.72	49.81	1077.94	1071.64	1069.27	1120.08
4	Electricals (11)	2476.09	-0.4	8.83	5.33	14.35	84.23	2486.08	2488.50	2507.15	1770.15
5	Electronics (25)	1709.43	-0.6	10.90	5.57	11.66	51.73	1719.65	1726.78	1724.83	1556.82
6	Engineering-Aerospace (8)	351.85	-0.5	15.93	7.38	7.58	18.52	353.54	354.91	355.25	401.45
7	Engineering-General (43)	488.38	-0.3	10.02	5.19	12.29	16.58	490.08	490.00	489.85	348.06
8	Metals and Metal Forming (9)	421.10	-1.7	15.55	8.41	7.81	18.43	428.47	429.70	432.13	397.26
9	Motors (12)	332.91	-0.9	7.78	7.23	17.07	17.56	336.10	335.35	341.70	265.23
10	Other Industrial Materials (20)	1567.54	-0.5	8.05	5.20	14.76	57.59	1576.05	1577.05	1592.66	1114.75
21	CONSUMER GROUP (190)	1565.50	-0.7	7.30	3.56	16.96	34.04	1576.39	1578.30	1581.20	1180.63
22	Brewers and Distillers (22)	1919.95	-0.6	8.03	3.50	15.16	38.33	1931.99	1937.85	1941.16	1476.95
25	Food Manufacturing (19)	1188.56	-0.3	9.53	4.21	12.98	29.98	1192.31	1192.12	1204.10	986.92
26	Food Retailing (17)	2406.42	-0.3	9.14	3.38	14.30	52.15	2414.22	2377.20	2379.43	2279.77
27	Health and Household (23)	3939.59	-1.3	5.12	2.40	22.38	61.87	3991.37	4003.20	4023.26	2407.64
29	Hotels and Leisure (24)	1324.05	-0.4	7.70	5.32	16.05	45.61	1329.05	1337.90	1342.69	1189.19
30	Media (26)	1524.24	-0.9	6.93	4.67	18.86	44.40	1538.65	1534.20	1524.45	0.00
31	Packaging, Paper & Printing (17)	763.57	......	7.36	4.32	16.50	23.54	763.87	763.93	760.42	475.05
34	Stores (32)	1025.21	-0.4	7.33	3.62	17.87	20.52	1029.26	1037.28	1032.57	793.38
35	Textiles (10)	649.36	-0.4	7.17	4.78	17.77	15.49	652.30	651.43	651.87	409.45
40	OTHER GROUPS (110)	1232.59	-0.8	9.83	5.29	12.80	36.02	1242.82	1260.38	1266.05	946.33
41	Business Services (12)	1386.00	-0.8	7.70	4.71	16.15	39.29	1396.80	1398.82	1412.68	0.00
42	Chemicals (21)	1413.34	-0.3	7.13	5.12	17.30	48.39	1417.68	1430.75	1448.25	998.82
43	Conglomerates (11)	1466.38	-0.6	9.85	7.15	12.30	38.87	1475.78	1488.17	1486.03	1243.58
44	Transport (13)	2289.82	-0.6	7.47	4.95	16.58	68.02	2304.73	2321.08	2337.22	1795.27
45	Electricity (16)	1201.66	-0.3	14.62	5.42	8.92	27.53	1204.99	1218.02	1218.85	0.00
46	Telephone Networks (4)	1460.64	-1.9	10.57	4.27	12.39	28.34	1489.56	1538.91	1560.49	1039.19
47	Water (10)	2383.31	+1.0	17.14	6.49	6.46	118.37	2359.60	2386.67	2377.74	1923.19
48	Miscellaneous (23)	1804.80	-0.8	5.42	5.46	25.55	70.17	1819.90	1820.14	1792.76	1518.03
49	INDUSTRIAL GROUP (481)	1272.62	-0.7	8.49	4.56	14.70	34.81	1281.99	1288.33	1292.45	986.94
51	Oil & Gas (19)	2362.21	-0.9	11.07	5.89	11.94	93.60	2384.53	2385.40	2404.81	2302.70
59	500 SHARE INDEX (500)	1366.68	-0.8	8.80	4.72	14.29	39.49	1377.08	1383.12	1388.38	1094.43
61	FINANCIAL GROUP (90)	770.47	-0.4	-	6.07	-	32.04	773.32	780.44	778.88	665.48
62	Banks (9)	901.61	-0.1	4.62	5.92	40.91	37.46	902.53	917.10	917.23	695.90
65	Insurance (Life) (7)	1437.30	-0.2	-	5.89	-	63.68	1439.68	1455.09	1454.05	1255.72
66	Insurance (Composite) (6)	567.29	-1.4	-	7.74	-	32.94	575.23	582.85	573.68	569.02
67	Insurance (Brokers) (9)	1116.63	-1.0	7.36	6.07	17.80	43.14	1127.89	1137.31	1120.94	881.52
68	Merchant Banks (7)	485.63	......	-	4.35	-	13.08	485.63	484.29	480.07	344.99
69	Property (35)	894.81	-0.1	5.91	5.17	24.21	24.74	895.57	887.45	896.88	909.73
70	Other Financial (17)	253.77	-0.7	11.26	7.24	11.15	11.08	255.62	255.71	255.16	242.38
71	Investment Trusts (70)	1214.07	-0.6	-	3.57	-	28.89	1221.77	1232.12	1234.61	1001.43
99	ALL-SHARE INDEX (660)	1223.67	-0.7	-	4.86	-	37.18	1232.34	1238.63	1242.37	989.77

	Index No.	Day's Change	Day's High (a)	Day's Low (b)	Nov 1	Oct 31	Oct 30	Oct 29	Oct 28	Year ago
FT-SE 100 SHARE INDEX♣	2527.8	-21.7	2552.6	2527.0	2549.5	2566.0	2577.1	2553.3	2558.5	2050.1

FIXED INTEREST

	PRICE INDICES	Mon Nov 4	Day's change %	Fri Nov 1	Accrued interest	xd adj. 1991 to date
	British Government					
1	Up to 5 years (27)	121.48	......	122.04	1.53	10.75
2	5-15 years (28)	133.96	-0.07	134.05	1.77	11.84
3	Over 15 years (8)	143.03	-0.16	143.26	2.67	10.60
4	Irredeemables (6)	155.24	-0.26	155.64	0.18	13.45
5	All stocks (69)	132.36	-0.06	132.63	1.77	11.52
	Index-Linked					
6	Up to 5 years (2)	166.43	......	166.42	0.35	3.16
7	Over 5 years (9)	149.12	......	149.11	0.80	3.83
8	All stocks (11)	150.37	......	150.37	0.73	3.81
9	Debs & Loans (62)	112.84	-0.11	112.96	1.92	9.26

	AVERAGE GROSS REDEMPTION YIELDS		Mon Nov 4	Fri Nov 1	Year ago (approx.)
	British Government				
1	Low	5 years	8.67	8.66	10.45
2	Coupons	15 years	9.55	9.53	10.78
3	(0%-7¾%)	20 years	9.55	9.53	10.79
4	Medium	5 years	9.79	9.78	11.38
5	Coupons	15 years	9.69	9.67	11.23
6	(8%-10¾%)	20 years	9.65	9.63	11.17
7	High	5 years	10.00	9.98	11.49
8	Coupons	15 years	9.78	9.76	11.46
9	(11%-)	20 years	9.71	9.68	11.43
10	Irredeemables		9.75	9.72	10.94
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs	3.85	3.85	3.89
12	Inflation rate 5%	Over 5 yrs	4.26	4.24	4.31
13	Inflation rate 10%	Up to 5yrs	3.24	3.24	2.69
14	Inflation rate 10%	Over 5yrs	4.07	4.07	4.13
15	Debs &	5 years	11.44	11.40	13.36
16	Loans	15 years	11.23	11.20	12.87
17		25 years	11.03	11.01	12.50

Opening index 2548.9; 10 am 2552.0; 11 am 2536.1; Noon 2536.3; 1 pm 2536.6; 2 pm 2536.5; 2.30 pm 2532.9; 3 pm 2529.5; 4.10 pm 2527.7; (a) 9.08am (b) 4.16pm ♣ Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, The Financial Times, Number One, Southwark Bridge, London SE1 9HL. The FT-ACTUARIES SHARE INDICES SERVICE covers a range of electronic and paper-based products relating to these indices. These are available by subscription from FINSTAT, Ibex House, 42-47 Minories, London EC3N 1DY. Tel: 071-702 0991.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	2	54	26
Corporations, Dominion and Foreign Bonds	5	5	10
Industrials	171	305	1,009
Financial and Properties	51	128	580
Oils	9	26	55
Plantations	2	1	7
Mines	10	68	75
Others	17	91	41
Totals	267	678	1,803

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

RIGHTS OFFERS

[illegible]

TRADITIONAL OPTIONS

● First Dealings Nov. 4
● Last Dealings Nov. 15
● Last Declarations Feb. 6
● For settlement Feb. 17

For rate indications see end of London Share Service

Calls in Ferranti, First Natl. Finance Corp., Flexitech, Haemocell, Natl. Home Loans, P & P, Proteus Intl. and Tusker Res. Puts in Flexitech, Maxwell Comm. and Trade Indemnity.

LONDON TRADED OPTIONS

[illegible]

UK COMPANY NEWS

Blue Circle £18m buy continues diversification

By Jane Fuller

BLUE CIRCLE Industries, which produces nearly half of the UK's cement, is continuing its diversification with the £18.7m purchase of Sweden's largest radiator producer.

The acquisition is the home products division's first investment in the manufacture of heating equipment in continental Europe. Thermopanel makes both radiators and radiator valves and has three factories in Sweden.

Mr Charles Young, a BCI director and chief executive of home products, said: "Before this acquisition we were the second biggest supplier of radiators in the UK with only a modest export business. This makes us number three in Europe."

The market leader in both the UK and Europe as a whole is Stelrad, part of MB-Caradon.

The Swedish acquisition follows the company's strategy of expanding its position on the continent, particularly in bathrooms and heating products.

Mr Young said that the home products side, which originated with the Armitage Shanks bathroom business, had grown from less than 10 per cent of group operating profit to about a third through the acquisitions of Birmid Qualcast in 1988, Myson Group in 1989 and an Italian sanitaryware company last year.

Home products accounted for 36 per cent of BCI's sales in the first half of this year.

In the first half of this year, BCI's pre-tax profit fell 38 per cent to £57.5m on turnover of £530.8m (£656.4m). About 62 per cent of sales were in the UK, where cement sales and prices fell.

Thermopanel, which exports to other European countries and to Japan, made an operating profit of SKr 25m (£2.4m) last year on sales of SKr 404m (£38.1m).

The £18.7m consideration will be all cash, with £13m being paid now and the rest in two years' time. Mr Young said it would have a negligible impact on group gearing, which stood at 32 per cent on June 30 on net debt of £316m.

Geers Gross merges with French advertising group

By Gary Mead, Marketing Correspondent

GEERS GROSS, the London-based advertising agency, yesterday announced that it had agreed terms to merge with Publicis, one of the largest French marketing groups, following discussions since August.

The Geers board is recommending acceptance of Publicis' offer of 35p per ordinary share, representing a premium of 14.8 per cent over the closing price from August 20 – the last day Geers' shares were traded – valuing Geers at some £5.3m.

In making the announcement, Geers gave as its reasons for the merger the impact of the recession on the UK advertising business, and pointed to its belief that a partner is essential for future expansion and competition in the increasingly pan-European advertising world.

Geers was the first UK advertising agency to go public in 1969 and the first to buy a US agency in 1978. It disposed of its US interests in 1987.

Geers' turnover fell from £109m in 1986 to £29.6m in 1989. But in April this year it announced increased turnover, to £33.75m for 1990, with almost static pre-tax profits of £747,000.

Publicis ranks as the second largest advertising network in Europe, with £1.64bn turnover for 1990. Publicis started its UK operations in 1972 and with current annual billings of £160m, is now the UK's 12th largest agency.

Mr Richard Bendel, Geers chief executive, is to join the board of Publicis as joint chief executive of the merged agency.

COMPANY NEWS IN BRIEF

AUDAX PROPERTIES reported pre-tax profits of £227,000 (£192,000) in six months to September 30. Net revenue from properties was £1.03m (£915,000).

CHANNEL TUNNEL Investments incurred loss of £1,322 for first half of 1991 (£344). Dividend and interest income totalled £11,192 (£16,464). Losses per share 0.09p, compared with 0.02p.

DAVIES & NEWMAN Holdings has completed the sale of Davies and Newman Limited to a company associated with the Newman family. Consideration is £96,000 cash plus a further profit-related payment not exceeding £54,000.

GLAXO's subsidiary in the US has agreed to collaborate with Amylin Corp, of California, on research into therapies for diabetes. There will be a joint programme into new therapies involving a pancreatic hormone, amylin; also joint development and marketing of resulting medicines.

WH SMITH now owns 80.3 per cent of Waterstone's Booksellers, and Waterstone's has received £1.26m cash as a result of the excercise of share options.

WB INDUSTRIES: Loss £1.01m (£329,000) for the half year to June 30. Turnover £4.94m (£7.42m) and operating loss £515,000 (£88,000).

WILLS GROUP has had a 70.7 per cent take-up of its rights issue, with valid acceptances received in respect of 39.6m new 'A' ordinary shares.

Renold baulks with £1.3m loss half-way

By Peggy Hollinger

RENOLD, which makes chains and gears for power transmission equipment, plunged into loss for the first six months of the year and passed the interim dividend.

Shares, which fell sharply on the news, recovered slightly to close 6p down at 58p.

Mr Peter Frost, chairman, blamed depressed trading conditions throughout the group's world markets and warned that there was no sign of an upturn at the half-year.

Losses for the six months to September 28 came to £1.3m, compared to a profit of £2.1m last time. Turnover fell 8 per cent from £65.4m to £60m with the sharpest decline coming in the second quarter. The retained loss, after overseas tax charges of £400,000 (£500,00), was £1.7m.

Renold, which is in the final stage of a five-year recovery programme since profits fell to virtually nil in 1987, was hardest hit by recession in its French and UK markets. The UK accounted for 21 per cent of sales at the last year-end and continental Europe for about 44 per cent.

Costs have been cut by more than £4.5m, including 500 job losses – 14 per cent of the total workforce – and improved purchasing policies.

Mr Frost said the group was well placed for even a small upturn in demand, which would "lead to a marked improvement in results". He added that some benefit could be expected from higher machine tool deliveries which were traditionally weighted towards the second half.

Debt has risen from £10m at the year-end to £15.7m at the interim stage. Gearing rose from 19 per cent to 29 per cent.

Losses per share were 2.6p, compared to earnings of 1.9p last time.

The group saw its full-year profits fall sharply in 1991 from £9.4m to £2.5m as the economic slowdown hit its English-speaking markets.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the subdivisions shown below are based mainly on last year's timetables.

TODAY

Interims- Aitken Hume Intl, German Inv Trust, German Smaller Cos. Inv Trust, Mid-Southern Water, Powerscreen Intl, Ulster Television.

Finals- Bridport-Gundry, TIP Europe, Tiger Oats

FUTURE DATES

Interims-	
Airsprung Furniture	Dec. 5
Allied-Lyons	Nov 26
Chamberlin & Hill	Nov 18
Explaura	Nov 15
Hogg Robinson	Nov 21
Honda Motor	Nov. 14
Jersey Phoenix Trust	Nov 7
King & Shaxson	Nov 7
Rexmore	Nov 14
Shires Inv	Nov 14
Somic	Nov 15
Stratton Inv. Trust	Nov 18
Thorn EMI	Nov 19
Whitecroft	Dec. 10
Finals-	
Blenheim	Nov 6
Dunedin Worldwide Inv	Nov 27

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
BBB Design § ....fin	nil	-	2.1	-	2.1
Grand Centrl Inv ......int	0.45	Feb 28	0.4	-	1.1
Renold ....int	nil	-	1.2	-	3.7
Sintrom ....int	nil	-	0.3	-	0.3
VTR § ....fin	2.2	Dec 10	2.2	3.4	3.3

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock.

BEAR-FACED: Befitting a man whose company hopes shortly to become Britain's second largest ice-cream manufacturer, the promotional ingenuity and shamelessness of Henry Clarke (above) knows few bounds, writes Clay Harris. The shares of Clarke Foods, the small USM company of which he is chairman, were suspended two months ago after it announced its intention to buy Lyons Maid from food and beverage giant Allied-Lyons. The negotiations and paperwork to complete the deal are now unlikely to be completed before December, Mr Clarke said yesterday. In the meantime, Clarke's US advertising agency WB Doner has distributed a circular sending up the "blatant, unbridled, steamy, panting sex" used in notorious UK advertising campaigns this summer by rivals Haagen-Däzs and New England. The Playboy-style centrefold reveals "the pet peeve" of Mr Clarke, a 58-year-old American, is "people who market a delicious, wholesome, family treat like ice-cream as if it were an aphrodisiac". Who said Americans have no sense of humour?

Sturge follows French foray with German buy

By Richard Lapper

STURGE HOLDINGS, the biggest managing and members' agency group at the Lloyd's of London insurance market, has announced the acquisition of a German underwriting agency.

The deal is the first direct entry by any Lloyd's agency group into the German market and follows Sturge's entry into the French insurance market last year.

Pending the approval of both the German and Lloyd's regulatory authorities, Sturge is to acquire the British American Insurance Agency, a Dusseldorf-based insurance agency, for about £1m.

The vendor is the Deutsche Schweizerischebank, which is acting as a trustee for local private interests.

British American Insurance specialises in the insurance of small- and medium-sized commercial risks in the north of Germany.

It formerly underwrote on behalf of the Prudential Corporation of the UK.

The majority of Lloyd's European business is generated by insurance brokers rather than directly by agencies.

Sturge's premium income from both German and French ventures is likely to be small for some time.

British American Insurance generated annual income of about DM8m (£2.7m) last year, while in France – where Sturge won admission to the insurance bourse last year – premium income amounts to between FFr5m (£503,000) and FFr6m.

But Mr James Macdonald, a director of Sturge, said: "The important thing is to get a foot in the door."

"The acquisition will give Sturge the opportunity to underwrite business which would not otherwise be offered to Lloyd's," Mr Macdonald added.

$53m venture capital portfolio purchase by GT Venture

By Charles Batchelor

GT VENTURE Management, a fund management group which specialises in buying unwanted venture capital portfolios from institutional investors, is to acquire the venture portfolio of a large Canadian pension fund.

GT is paying $53m (£30m) for the venture investments of the Ontario Municipal Employees' Retirement Scheme (OMERS). It has taken the unusual step of financing the purchase by raising a special fund, Juno International Participations, with the backing of large UK institutional investors, including IBM UK's pension fund, Equitable Life Assurance, Royal Insurance and National Provident.

Juno has been set up as a Guernsey-registered company with shares expected to be listed on the Dublin stock exchange before the end of the year.

If GT buys all the OMERS' portfolio, it will acquire stakes in 21 venture capital funds, three in the UK, six Canadian, one French and 11 US, invested in a total of 489 companies.

GT, which manages GT Venture Investment Company, a listed investment trust, has agreed to buy the stakes in 16 of the funds. It hopes to agree soon to buy a further three and has yet to agree a price for the final two.

The attraction to OMERS is that will receive an immediate cash sum for investments which might otherwise take years to dispose of, said Mr Rhoddy Swire, chairman of GT. Institutions in the US and the UK have been disappointed in the returns they have made on venture capital investments.

GT in turn has acquired a broadly-based venture capital portfolio at a discount to its asset value of $74m. It plans to dispose of the investments over the next six years.

The OMERS' purchase is the largest acquisition by GT of a "second-hand" portfolio. It previously bought the UK Water Authorities Superannuation Fund portfolio for £19.7m in 1989.

GT also makes "new" investments for institutional clients and second-hand portfolios account for $110m of its $450m investment portfolio.

Harrisons & Crosfield buy

Harrisons & Crosfield has agreed to buy Chemiewerk Greiz-Dolau from the German Treuhandanstalt for DM10.5m (£3.6m).

It is a major supplier of polymer additives for the plastics industry, has a workforce of 350, and projected turnover of DM90m for 1991.

NEWS DIGEST

SW Wood tumbles to £99,000 loss

SW WOOD, the metals trader, fell from pre-tax profits of £32,000 to losses of £99,000 in the six months to September 30. Last time there had been a profit of £101,000 from the sale of property.

Turnover shed £832,000 to £2.04m, leaving operating losses at £192,000 (£154,000).

The company said conditions for metal trading were difficult and margins on aluminium smelting had been under pressure.

The August acquisition of Proofed Packaging Printers from the liquidator moved the company into a new area.

Below the line there were extraordinary costs of £55,000 (nil) relating to aborted acquisitions.

Losses per share worked through at 1.3p (earnings 0.4p) and again there is no dividend.

BBB Design £0.2m in the red

BBB Design Group, the USM-quoted marketing and media services company, fell to pre-tax losses of £246,000 in the year to April 30. Last time profits of £720,000 were achieved.

Losses per share were 2.78p (earnings of 5.43p) and the dividend has been passed (2.1p).

Europe Energy £134,000 deficit

Europe Energy Group, the Cardiff-based independent mining company, set up to exploit opportunities created by the closure of British Coal Corporation pits in South Wales, reported a £134,000 loss for the six months to June 30, against £4,720.

The results are the first since the USM-quoted company carried out a reverse takeover of Moray Firth Exploration in January.

The figures incorporate Europe Energy's contribution from February 11 and therefore only include two months of winter trading when coal prices are higher.

The company intends changing its year-end to March 31 and expects a profit at the end of the period.

Turnover was £553,000 (£2,200). Losses per share were 1.27p against break even last time.

VTR halved interim profit of £600,000

Pre-tax profits at VTR, the USM-quoted video editing and audio-visual house, were halved from £1.28m to £600,000 in the year to August 31. However, an unchanged final dividend of 2.2p has been proposed, for an increased total of 3.4p, up from 3.3p.

With turnover rising 13 per cent to £6.3m (£5.55m), Mr Philip Lovegrove, chairman, ascribed the decline in profits to three factors: "the virtual cessation of business by corporate video production companies", the AV Department's main clients; start-up costs and initial losses at The Machine Room, which specialises in high quality duplication, standards conversion and archival transfers; increased interest and other charges resulting from the company's investment in widening its operating base.

Earnings per share fell to 5.3p (10.6p).

Cazenove to lead £1bn 3i flotation

Cazenove, London's leading corporate stockbroker, has been appointed as the lead stockbroker on the flotation of 3i, the venture capital group which is being floated on the Stock Exchange next year.

The company, which is likely to have a market value of more than £1bn, has appointed two other brokers, County NatWest Wood Mackenzie and de Zoete and Bevan, to work alongside Cazenove.

Interest received lifts British Syphon

Higher interest received lifted profits of British Syphon Industries, the paper, engineering and polymer processing group, at the pre-tax level from £1.91m to £2.71m for the six months to June 30.

Mr Bryan Morrall, chairman, said that trading conditions needed to improve significantly before there would be any material change in the level of group profits.

Turnover was a lower £22.9m (£25.1m) and trading profits were little changed at £1.35m (£1.31m). Interest received, however, jumped to £1.36m (£595,000).

Earnings per share improved from 4.88p to 5.29p. Again there is no interim dividend payment.

Grand Central Inv up 74% at £994,000

Grand Central Investment Holdings, the food and forestry group, achieved a 74 per cent advance in pre-tax profits to £994,000 for the half year ended June 30, on turnover up from £21m to £23.4m.

Earnings per share were up at 1.38p (1.29p) and there is an increased interim dividend of 0.45p (0.4p).

Sintrom further in red at £1.89m

Sintrom, the computer services and peripherals distributor, saw losses increase in the first half of 1991. Pre-tax losses were £1.89m after exceptional charges of £756,000 relating to a re-organisation. The company reported profits of £320,000 in the comparable period but losses of £594,000 in the second half of the previous year.

Turnover was £11.6m (£15.9m), a fall of 27 per cent. Losses per share were 18.52p (earnings 1.89p). There is no interim dividend (0.3p) following the passing of last year's final.

Doeflex makes £1.3m Belgian buy

Doeflex, maker of PVC and thermoplastic sheeting, is buying Horizon Industries, a Belgian maker of thermoplastic sheeting, for £1.3m cash.

Using UK accounting practices Horizon had net assets at the end of 1990 of £535,000 having made a profit during the year of £66,000.

The figures exclude the proceeds of a £417,000 cash subscription of shares and property included at book value.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales

[illegible]	[illegible]	[illegible]

[illegible]

Outplacing senior pegs into suitably round holes

Penna shares worth only a pound? **Andrew Bolger** on Sanders & Sidney's ups and downs

COMPANIES WHICH help executives find jobs have long striven to persuade the City that recession is not necessarily good for those in the employment counselling business.

Sanders & Sidney, last year's best-performing stock on the Unlisted Securities Market, spectacularly achieved this aim recently by issuing a profits warning.

Shares in Penna, the new name for its holding company, immediately collapsed from 255p to 103p. They still languish at that level, giving the group a market value of £5m, compared with a June peak of more than £15m.

Mr Stephen Rowlinson, brought in at great expense as chairman and chief executive two years ago, admits: "We are learning a lot about investor relations. I don't think we have done a brilliant job in keeping the City informed."

Sanders specialises in "outplacement", a service imported from the US, where companies pay for employees who have become redundant to be counselled and helped to findother jobs.

Most Sanders clients are at a fairly senior level and have outgrown their jobs, been overtaken by technological change or no longer fit in with a new regime.

Acquisitions and takeovers are a good source of business, because incoming managements do not wish to be seen to be treating existing executives badly. Mr Rowlinson says: "Use of outplacement is enlightened self-interest."

Very little business comes from companies which are in financial crisis and have to shed large numbers of staff, because they are unlikely to be willing to pay the fees involved.

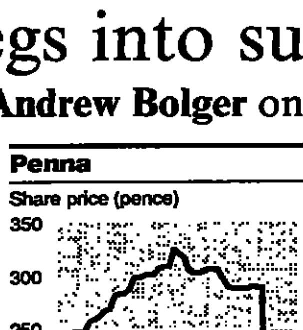
Sanders charges companies £7,000-£8,000 per executive. For that, the individual is counselled and instructed in preparing a CV, taught interview techniques and helped to research the jobs market.

Mr Rowlinson says the average executive spends about five months before finding a suitable new post – only about a month longer than it used to take in non-recessionary times.

Job-seekers can use library and research facilities at Sanders' new Covent Garden premises and are given office space with access to secretarial support, phones, faxes and personal computers. Mr Rowlinson says: "Clients are given a key and can come here every day if they want, or even in the middle of the night if they want to call Tokyo."

A new, more expensive, "director's package", for board-level job-seekers has proved a great success. For an average fee of about £20,000, senior executives are given a personal secretary and do their job-hunting from separate premises. Mr Rowlinson says these have a more "clubby" atmosphere and do not have the name of Sanders & Sidney on the door.

Penna



Source: Datastream

While most clients are encouraged to do their own research, those on the director's programme are given assistance. Mr Rowlinson says: "We aim to create the sort of working environment they are used to."

Sanders, which has done work for more than half the UK's biggest companies, is well known in the City for counselling brokers and others who have lost their jobs in recent shake-outs from the Square Mile.

However, Mr Rowlinson insists: "We never subscribed to the view that we were recession-driven." The company, founded in 1974, was floated on the USM in 1987 and grew most rapidly during the "Thatcher boom" years.

In fact, Penna's recent collapse in profits has more to do with the impact of the rapid expansion which Mr Rowlinson was hired to mastermind than the effects of recession.

This year the company has spent £2m fitting out its premises, which provide facilities and office space for up to 100 job-seekers, and on establishing a network of five regional offices.

Mr Rowlinson said this outlay would not have had such an adverse effect if turnover had grown by the 20 per cent budgeted for in the first half. In the event it grew by only 10 per cent. Having tripled annual profits to £2m in the year to March 31, Penna now expects to make only about £100,000 in its first half to September, down from £912,000.

Although acknowledging the impact of the current economic downturn on the company's growth, Mr Rowlinson says the new higher costs base will remain fixed, while he is confident that the business and its profitability will continue to grow.

He remains upbeat about long-term prospects for the group, mainly because he believes demographic trends and lower numbers of graduates means there will be an increasing scarcity of quality people.

One effect of the share price collapse has been to postpone Penna's plans to diversify by acquisition. Having been lured from Korn Ferry, the largest US executive search firm, Mr Rowlinson is keen to move into recruitment, but acknowledges that he cannot issue any new paper until the share price recovers.

The chairman is confident there will be an upturn in the British economy, but does not expect much improvement before the second quarter of next year.

He says then will be the time to buy other businesses, because only then will it be possible to show a fairly quick return for shareholders on an acquisition.

In spite of the share price collapse, Mr Rowlinson says he must hope that investors will sit tight: "The board is clear that our policies are right. I feel I have to tough it out. What has been described as over-ambitious expansion will soon look like the right thing to have done."

COMMODITIES AND AGRICULTURE

Cobalt soars on Zaire rumours

By Kenneth Gooding, Mining Correspondent

COBALT PRICES jumped by 25 per cent on the free market yesterday after rumours spread that Gecamines, Zaire's state-owned mining group, the western world's biggest supplier, had suspended sales of the metal.

Traders said that $30 a lb was paid for cobalt compared with about $24 on Friday. At the end of September, before the latest rioting and deaths in Zaire, the free market price was $15. Zaire, which accounts for about half the western world's production, and Zambia, the second-largest producer, have been charging $11 on long-term contracts.

Cobalt is an essential ingredient in some of the superalloys used by aircraft manufacturers and in products employed by the automotive industry.

Union Miniere, the Belgian mining and metals group which markets much of Gecamines' copper and cobalt production, said last night it had been unable to contact Zairean officials to check the market rumours.

Many consumers claimed they had adequate supplies but traders insisted some nervous consumers had been buying in the free market. Mr Nick French, a director of the London-based Wogen Resources trading group, said: "Consumers obviously want to calm the market down". Sentiment was driving the market, he added. Traders were well stocked with the metal but some consumers were technically short for next year. They had contracts with suppliers but there was doubt about whether the cobalt would be delivered.

Traders suggested that Gecamines' representatives had cancelled visits this week to European and Japanese customers at which they were to discuss next year's cobalt allocations and had told agents around the world there was a freeze on sales and deliveries of the metal until further notice.

Zaire produced about 10,000 tonnes of cobalt last year while Zambia supplied nearly 5,000 tonnes. Traders suggested the new Zambian government might want to drop the marketing arrangements worked out with Zaire to stabilise cobalt prices and take advantage of higher free-market prices instead.

Surprise move in coal mine dispute

By Bernard Simon in Toronto

CHARBONNAGES DE France has surprised its partners in British Columbia's Quintette coal mine by showing an interest in gaining control of the bankrupt property, which is North America's biggest single exporter of metallurgical coal.

The state-owned French group has a 12 per cent equity stake in Quintette mine and is embroiled in a dispute with a consortium of 54 banks over its guarantee on a portion of the mine's C$630m debt. Its interest in securing control of the property emerged in documents filed with a court in Vancouver to support its attempt to block a restructuring plan for Quintette.

The plan is due to be put to Quintette's shareholders and creditors at a special meeting on November 14. It proposes that the banks be given a one-third equity stake in the mine in exchange for concessions on servicing the debt. Teck Corporation, the manager of the mine, would also obtain a substantial minority shareholding.

Besides its present 12 per cent stake, Charbonnages has a right of first refusal, exercisable from November 15, on a 50 per cent shareholding in Quintette presently held by Denison Mines of Toronto. The French company contends that the restructuring plan would dilute its controlling interest, thus depriving the Denison shares of much of their value.

The court will hear the first stage today of Charbonnages' request for an injunction to block the plan. The application will be vigorously opposed both by the banks and by Teck.

The banks have also indicated that they will oppose any effort by Charbonnages to gain control of the mine, for which, under the credit agreements, the lenders' consent is needed.

Teck and the banks view Charbonnages' opposition to the restructuring as part of the French company's campaign against the banks' claims for enforcement of its guarantee.

Dominion plans to develop Yakabindie nickel

By Kevin Brown in Sydney

DOMINION MINING, the Australian gold producer, has announced plans to develop its Yakabindie nickel deposit in Western Australia, which could meet up to 3 per cent of annual western world demand.

The announcement came as a surprise to many observers because of indications that Dominion had been unable to find a joint venture partner for Yakabindie, which contains around 90m tonnes of low grade ore.

Mr Douglas Agnew, the company secretary, said that the project depended on the completion of financing arrangements "consistent with Dominion's philosophy of not 'betting the company' on any one project".

Development of the deposit will also depend on the outcome of an action in the Western Australian Supreme Court, in which aborigines and European activists are seeking to block the project.

The Ngalia tribe says that the site is important with regard to religious beliefs relating to tales of the dragon fly and carpet snake during the Dreamtime, the aboriginal creation story.

Dominion Mining said that Yakabindie could produce 21,000 tonnes of nickel a year from 6m tonnes of ore. The mine would cost about A$470m to develop, and could employ up to 350 people.

The company said that a recently-completed feasibility study had shown that the Yakabindie development would be able to produce a "unique" sulphide concentrate containing more than 20 per cent nickel and with "minimal" impurities.

The chemical make-up of the orebody would allow the concentrate to be prepared for use as a direct feedstock in the production of stainless steel, by routine calcination, or roasting, without further refining, it said.

"This ability to eliminate further subsequent costly and complex nickel refining stages in the production of a saleable nickel feedstock. . . has a major positive impact on the Yakabindie cash flow and returns," Dominion Mining said.

It explained that "this processing route will represent substantial down-stream processing of the product in Western Australia, to a level where it can be exported as a final product directly to stainless steelmakers, by-passing the traditional and expensive smelting and refining route."

However, analysts said that Dominion appeared to have been unable to secure a partner for the project, in spite of talks with a number of resources companies, including Outokumpu, the Finnish metals group.

Outokumpu recently concluded an agreement giving it 50 per cent of the nearby Mount Keith nickel deposit acquired by Western Mining Corporation and Normandy Poseidon following a successful joint bid for Australian Consolidated Minerals.

Mr Anthony Robson, mining analyst at James Capel Australia, said the reluctance of Outokumpu and other resources companies to invest in the project raised doubts about its viability at foreseeable nickel prices. "I think this is a borderline project which Dominion cannot pursue on its own. I will believe it is going ahead when I see a potential partner indicating that it is willing to invest," said Mr Robson.

Yakabindie is an important element of an attempt by Dominion Mining to diversify into base metals. The company reported a net loss of A$27m for the year to the end of June, following a write-down of A$51m in the value of its gold reserves.

Price fall forces uranium company retrenchment

By Kevin Brown

ENERGY RESOURCES of Australia, one of Australia's two uranium producers, yesterday made 126 of its 302 employees redundant because of the impact of low prices and surplus world stocks.

The announcement confirmed earlier indications that ERA, a subsidiary of North Broken Hill Peko, would reduce operations at its Ranger mine in the Northern Territory.

The company said it had taken the decision with "the greatest reluctance following an exhaustive revaluation of the options. . . in the face of the steady deterioration of the uranium market".

The company said less than a handful of world uranium mines were profitable at present spot market prices of about US$7.60 a lb for U_3O_8, compared with a peak of $43.40 in 1978.

The company has reduced unit costs in recent years by maximising production and stockpiling surplus production. However, it said this strategy was no longer tenable in view of the depressed outlook for prices.

The redundancies were "the unavoidable first step in a plan to reduce annual production to a level more closely aligned to forecast sales."

Punjabi farmers seek new deal

Farhan Bokhari reports from Pakistan's main agricultural province

PAKISTAN'S FEDERAL government may find it increasingly difficult to sell its agricultural policy to the Punjab, the country's largest grain producing province. Last month provincial legislators in the Punjab assembly passed a resolution calling upon the federal government to revise its policy.

The resolution demanded new commitments of financial assistance to subsidise inputs such as fertilisers, pesticides and irrigation water, while raising crop prices to match international rates. The response from legislators has come as Pakistan is trying to reduce subsidies in the agriculture sector, partly under advice from international financial institutions.

However, a row between the federal government and the Punjab could make it very difficult to implement the new policy. The province has a strong farmers' lobby including many large land-owners, some of whom serve as elected legislators in the provincial and national assemblies.

In terms of national output, the Punjab makes the largest contribution to Pakistan's agricultural sector. According to last year's government statistics, it produced 72.5 per cent of the country's wheat, 45.1 per cent of its rice, 58.2 per cent of its sugar-cane and 83 per cent of its cotton. The agriculture sector also made an important contribution to the national economy. Last year it contributed more than 25 per cent of the GDP and employed 51 per cent of the national workforce.

But, the latest controversy has made it difficult for long term policies to be introduced, government officials say privately. Opposition from legislators has also come as an embarrassment for prime minister Nawaz Sharif's ruling Islamic Democratic Alliance, which also rules as a majority government in the Punjab.

The Punjab produces 72.5 per cent of the country's wheat

Even provincial politicians belonging to the prime minister's party concede that the policy needs to be reviewed carefully. While they publicly deny that the issue has placed the two governments at odds, privately, some members say that the controversy could strain federal-provincial relations.

Mr Shah Mehmood Qureshi, the provincial finance minister, argues that new financial commitments must be made to provide necessary incentives for farmers. "There is something wrong with our thinking, our planning, our policy, and they have to be corrected," he says. Mr Qureshi says that the agricultural sector is becoming unprofitable for farmers, as prices of inputs are rising but crop prices are controlled by the government and kept below international levels. In the case of wheat alone, while the government has fixed a price of Rs110 (£2.75) a maund (18.18 kg), the country spends Rs200 on importing the same quantity, he says.

Mr Qureshi notes, moreover, that there are few new allocations to support the agricultural sector. A recent announcement of a federal grant of Rs1bn under a production enhancement programme is a re-allocation of money which was previously given in agricultural subsidies, he claims.

Pakistan needs to take measures to increase profitability in the agriculture sector before expecting large scale industrial development, he argues.

"An agricultural revolution must occur before an industrial revolution. It's happened like this all over the world."

The provincial government finalised a report in May that reviewed the inputs and outputs of the agricultural sector. The report argued that terms of trade have continued to deteriorate against farmers. In one instance, the report found that in 1986 a farmer needed to produce 1,500 maunds of wheat to buy a new medium-sized tractor. But in 1991 this figure rose to 2,600 maunds. Mr Qureshi has sent copies of the report to the federal government but is still waiting for an official response.

Representatives from other farmers' organisations are also concerned. Mr Mohammad Azam Cheema, a provincial legislator and secretary-general of the Chamber of Agriculture in Lahore, says that the government must provide new incentives to agriculture, under the same terms as to the industrial sector. Concessionary loans for some industries are charged annual interest rates of between 3 and 7 per cent while agricultural loans cost 13 to 15 per cent.

Mr Cheema's chamber produced a report that argues for changes in that policy. He says that the government must either provide new financial assistance or let international market prices determine the price of grain in Pakistani markets.

Both Mr Cheema and Mr Qureshi say that the province is not heading for a confrontation with the federal government, but is only presenting an alternative point of view in the interest of farmers. However, last month's resolution in the provincial assembly has demonstrated that the Islamabad government would either need to make some changes or be prepared for criticism from the Punjab, which is sometimes called the country's granary.

Reprieve for Colombian coffee growers

By Sarita Kendall in Bogota

ALTHOUGH THE Colombian government's recent exchange measures – including a revaluation of the peso – left most exporters gasping, private coffee-exporting companies have said they will resume business after being granted a special reprieve. The National Coffee Fund will be used to cushion the impact of revaluation, on the grounds that a breakdown of coffee exports would be more serious than the cost to the fund.

"The arrangement is very satisfactory," said Mr Gabriel Rosas, manager of the national coffee exporters' association, which handles just over half of Colombia's foreign sales.

However, Colombian coffee-growers have attacked the government for penalising exporters' efforts, and for weakening the National Coffee Fund. The fund was built up during the fat years, when coffee prices were high, in order to subsidise growers during the lean years.

The latest measures are expected to cost the fund an extra US$130m and come at a particularly difficult moment, with very low international prices and a record Colombian harvest of 14.5m to 15m bags (each of 60 kg).

The government has been trying to stem the influx of dollars since April, but exports (apart from coffee) continue to rise and high local interest rates are attracting foreign funds.

In June, 90-day exchange certificates were introduced to try to stem the conversion of dollars into pesos, and last week the Monetary Board extended the certificates from 90 days to 360 days: those wanting pesos urgently must take a discount rate of 12.5 per cent. Reserve requirements for banks have also been increased.

British farm co-operative to go public

By David Blackwell

BRITAIN'S oldest and largest farm supply co-operative, which last year had a turnover of £142.7m, is planning to turn itself into an unquoted public limited company.

Amalgamated Farmers, which is based in Preston and was founded in 1911, is involved in animal feeds, fertilisers, crop protection, fuel and seeds. Turnover has doubled in the past five years. After-tax profits were £794,000 last year after extraordinary items.

Mr Clive Saunders, managing director, said yesterday that conversion to a company would give a more secure capital base from which to operate, and from which to expand. The co-operative had repaid £3.6m to members wishing to take their money out in the last three years.

In the last 12 months 300 members had left, while only 120 had joined the co-operative. Mr Bryan Carr, chairman, said this reflected the general reduction in the number of farmers and the financial pressure they were under.

The market for farm inputs was shrinking, Mr Saunders said, and the national and international companies were buying up the smaller ones. "If unchallenged they will end up dominating the market and competition will decline, to the detriment of the farmer."

WORLD COMMODITIES PRICES

MARKET REPORT

London cocoa prices fell sharply as sterling values continued to fall in line with the dollar's slide on world currency markets. Dealers said the currency factor outweighed a mixed picture in New York, where light buying was seen by funds, with the trade and producers notable as sellers. High Ivorian arrivals and Ghana purchases remained depressive influences in the background. In contrast sterling robusta coffee prices performed strongly. Dealers said the relative weakness of the US arabica market was reflected in the continued narrowing of the arbitrage with London. On the LME the strength of sterling left the three-month price down nearly £20 a tonne at the close, while in dollar terms it was up $15 at $2,347 a tonne. Active option business underlined nearby tightness, dealers said. There was also concern over Zaire's worsening political crisis – news emerged that most of the state-owned Gecamines workers are on strike, and no new copper has been produced for two weeks. Aluminium prices were steady as players took the view that the weaker dollar might prompt some Japanese consumer demand today after yesterday's holiday. Traders held similar hopes for zinc, now relatively cheap in foreign currency terms.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$19.15-9.20z	+0.16
Brent Blend (dated)	$22.60-2.70	+.125
Brent Blend (Dec)	$22.50-2.55	+0.15
W.T.I. (1 pm est)	$23.95-4.00z	+0.30

Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$245-247	+2
Gas Oil	$224-226	+4
Heavy Fuel Oil	$90-92	+1
Naphtha	$220-223	+2
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$358.45	-1.4
Silver (per troy oz)♣	407.85c	-2.35
Platinum (per troy oz)	$362.65	+0.25
Palladium (per troy oz)	$87.0	+1.0
Copper (US Producer)	110.08	-0.65
Lead (US Producer)	37.83	
Tin (Kuala Lumpur market)	14.74r	-0.09
Tin (New York)	255.5	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	104.60p	-1.10*
Sheep (dead weight)†	117.87p	+7.73
Pigs (live weight)†	78.31p	+0.70*
London daily sugar (raw)	$230.7	-2.8
London daily sugar (white)	$288.5	-1.0
Tate and Lyle export price	£238.5	-4.0
Barley (English feed)	£117.0	
Maize (US No. 3 yellow)	£141.25u	+0.25
Wheat (US Dark Northern)	£101	
Rubber (Dec)♥	52.25p	-0.3
Rubber (Jan)♥	52.25p	-0.3
Rubber (KL RSS No 1 Nov)	225.5m	
Coconut oil (Philippines)§	$600x	-10
Palm Oil (Malaysian)§	$362.5x	-2.5
Copra (Philippines)§	$385 z	
Soyabeans (US)	£151.5	
Cotton "A" index	66.05c	+0.2
Wooltops (64s Super)	387p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. q-Nov/Jan t-Sep/Dec u-Nov x-Nov/Dec y-Dec/Jan z-Dec ∫-Oct/Nov. †Meat Commission average fatstock prices. * change from a week ago ♥London physical market §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

SUGAR – London FOX ($ per tonne)

Raw	Close	Previous	High/Low
Dec	200.60	200.20	198.00 198.00
Mar	195.60	195.20	197.00 195.00
May	198.00	187.00	198.80 194.00

White	Close	Previous	High/Low
Dec	287.4	287.0	287.5 286.5
Mar	283.3	283.0	284.0 282.9
May	282.3	282.0	283.0 282.2
Aug	283.6	284.0	284.0 283.5
Oct	259.1	258.5	259.5 259.0
Dec	257.1	257.5	257.1

Turnover: Raw 440 (689) lots of 50 tonnes. White 436 (759)

Paris- White (FFr per tonne): Dec 1608.28, Mar 1606.00

CRUDE OIL – IPE $/barrel

	Close	Previous	High/Low
Dec	22.38	22.51	22.68 22.28
Jan	22.16	22.23	22.37 22.05
Feb	21.81	21.85	22.03 21.78
Mar	21.48	21.45	21.87 21.48
Apr	21.18	21.12	21.36
May	20.90	20.83	21.14 20.90
Jun	20.53	20.83	21.14
IPE Index	22.33	21.98	

Turnover 20330 (19734)

GAS OIL – IPE $/tonne

	Close	Previous	High/Low
Nov	222.75	218.75	223.00 220.25
Dec	224.50	220.25	224.50 222.00
Jan	221.50	218.00	222.00 219.50
Feb	213.50	209.50	214.00 212.50
Mar	205.25	202.00	205.75 204.50
Apr	196.75	193.75	198.00 196.50
May	190.00	187.00	190.75 190.00
Jun	184.75	182.00	188.00

Turnover 10979 (9346) lots of 100 tonnes

JUTE

Better quality assams met good demand at fully firm rates reports the Tea Broker's Association. Medium descriptions showed a dearer tendency. Prices for selected plainer teas were up to 3p higher although there were again some withdrawals. Bright liquoring East Africans and good mediums sold well but at irregular rates. The remainer came to a firm market. Ceylons were well supported with teas of improved quality realising higher prices. Offshore fair demand at firm to dearer rates. Quotations: quality 190p/kg, medium 120p/kg, low medium 78p/kg.

COCOA – London FOX £/tonne

	Close	Previous	High/Low
Dec	734	750	743 727
Mar	773	794	783 769
May	798	816	801 793
Jul	822	839	822 819
Sep	844	860	849 842
Dec	868	883	876 873
Mar	890	905	897 888
Sep	939	954	948 945

Turnover: 6651 (3489) lots of 10 tonnes

ICCO indicator prices (SDRs per tonne). Daily price for Nov.1 953.54 (938.03) 10 day average for Oct 31 938.07 (935.75)

COFFEE – London FOX £/tonne

	Close	Previous	High/Low
Nov	522	513	523 510
Jan	541	537	542 531
Mar	543	543	545 536

Turnover:5516 (19458) lots of 5 tonnes

ICO indicator prices (US cents per pound) for Oct. 31: Comp. daily 61.91 (63.01) 15 day average 63.82 (63.67)

POTATOES – London FOX £/tonne

	Close	Previous	High/Low
Nov	82.5		80.0
Apr	128.8	128.7	129.8 128.5

Turnover 45 (42) lots of 20 tonnes.

SOYAMEAL – London FOX £/tonne

	Close	Previous	High/Low
Feb	133.50		133.50
Apr	133.00	133.00	133.50 133.00
Jun	129.00		129.00
Aug	129.50	129.50	129.50 129.00

Turnover 155 (525) lots of 20 tonnes.

FREIGHT – London FOX $10/index point

	Close	Previous	High/Low
Dec	1696	1695	1696
Jan	1709	1715	1710
Apr	1711	1715	1715
BFI	1653	1654	

Turnover 47 (104)

GRAINS – London FOX £/tonne

Wheat	Close	Previous	High/Low
Nov	117.75	117.75	117.75
Jan	121.40	121.55	121.45 121.30
Mar	124.60	124.65	124.60
May	127.60	127.80	127.35

Barley	Close	Previous	High/Low
Nov	114.00	113.95	114.00
Mar	120.50	120.50	120.50

Turnover: Wheat 69 (56), Barley 16 (94). Turnover lots of 100 Tonnes.

PIGS – London FOX (Cash Settlement) p/kg

	Close	Previous	High/Low
Nov	98.5	99.0	98.0
Jan	97.0	98.0	96.5
Feb	102.0	102.5	101.0
Mar	109.0	108.0	108.5
May	110.0		107.0

Turnover:18 (71) lots of 3,250 kg

NGMI – London FOX

	Close	Prev.	High	Low	Vol
Indx	134.41	134.38			

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Total daily turnover 13,891 lots
Cash	1157.5-8.5	1154.5-5.5		1152-3		
3 months	1186-7	1182-3	1193/1182.5	1182.2.5	1192-3	131,663 lots
Copper, Grade A (£ per tonne)						Total daily turnover 22,018 lots
Cash	1343-4	1359-60	1347/1346	1346-7		
3 months	1334-4.5	1352-2.5	1343/1333.5	1338-8.5	1334-5	104,783 lots
Lead (£ per tonne)						Total daily turnover 2,631 lots
Cash	286-6.5	292-3	288/287	287-7.25		
3 months	299-9.5	303.5-4	302/297	299.5-300.5		17,240 lots
Nickel ($ per tonne)						Total daily turnover 2,002 lots
Cash	7430-40	7445-55		7375-80		
3 months	7490-95	7490-5	7495/7430	7420-30	7490-500	12,577 lots
Tin ($ per tonne)						Total daily turnover 1,165 lots
Cash	5535-40	5520-30	5525	5525-8		
3 months	5590-600	5580-90	5600/5590	5595-600		5,171 lots
Zinc, Special High Grade ($ per tonne)						Total daily turnover 4,502 lots
Cash	994-5	991-2	990	989-900		
3 months	1013-14	1009-10	1016/1005	1009-9.5		28,701 lots

LME Closing £/$ rate: SPOT: 1.7605 3 months: 1.7582 6 months: 1.7422 9 months: 1.7230

LONDON BULLION MARKET (Prices supplied by N.M.Rothschild)

Gold (fine oz)	$ price	£ equivalent
Close	358.20-358.70	
Opening	358.50-358.90	
Morning fix	358.65	201.668
Afternoon fix	356.35	200.476
Day's high	356.60-357.00	
Day's low	356.00-356.30	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	4.63	6 months	4.41
2 months	4.63	12 months	4.34
3 months	4.53		

Silver fix	p/fine oz	US cts equiv
Spot	229.90	407.85
3 months	236.85	412.95
6 months	241.50	417.95
12 months	253.30	429.00

GOLD COINS (Prices supplied by Engelhard Metals)

	$ price	£ equivalent
Krugerrand	356.50-357.50	200.50-201.00
Maple leaf	365.50-367.50	206.25-206.75
New Sovereign	87.00-88.00	49.00-49.50

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Dec	Mar	Dec	Mar
1050	123	156	2	9
1150	43	83	21	34
1250	7	37	85	88
Copper (Grade A)	**Calls**		**Puts**	
2250	135	119	4	44
2350	58	67	26	89
2450	16	33	83	153
Coffee	**Jan**	**Mar**	**Jan**	**Mar**
500	47	52	6	10
550	17	24	26	32
600	4	10	63	68
Cocoa	**Dec**	**Mar**	**Dec**	**Mar**
725	23	73	14	25
750	12	58	28	35
775	6	45	47	47
Brent Grade	**Dec**	**Jan**	**Dec**	**Jan**
2150	112		1	34
2200	63	65	7	42
2250	22	42	17	63

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Nov	356.8	355.6	0	0
Dec	358.1	356.9	358.3	357.4
Jan	359.5	358.3	0	0
Feb	360.7	359.5	360.8	360.0
Apr	363.1	361.9	364.9	362.4
Jun	365.8	3364.4	365.3	364.9
Aug	368.3	367.1	0	0
Oct	370.9	369.8	0	0
Dec	373.7	372.6	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Nov	366.1	0	363.0	363.0
Jan	368.1	363.9	368.5	365.0
Apr	371.5	367.3	370.7	369.7
Jul	375.1	370.9	373.7	372.0
Oct	381.9	377.7	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Nov	405.7	404.6	0	0
Dec	408.3	406.3	410.0	404.5
Jan	409.9	407.9	0	0
Mar	414.3	412.2	416.0	410.5
May	418.3	416.1	419.0	416.0
Jul	422.0	419.8	422.0	421.0
Sep	426.2	424.0	426.5	426.5
Dec	432.5	430.3	433.0	433.0
Jan	434.9	432.7	0	0
Mar	439.3	437.1	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	107.20	108.55	107.30	107.00
Dec	107.15	108.85	107.70	106.80
Jan	106.00	105.60	106.20	105.95
Feb	105.25	104.95	105.25	105.25
Mar	104.45	104.25	105.00	104.40
Apr	103.80	103.70	0	0
May	103.15	103.15	103.50	103.20
Jun	102.65	102.70	0	0
Jul	102.20	102.30	102.55	102.10
Aug	101.75	101.80	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	8.95	8.95	9.00	8.90
May	8.84	8.84	8.90	8.79
Jul	8.81	8.81	8.85	8.80
Oct	8.79	8.83	8.83	8.79
Mar	8.78	8.76	8.81	8.78

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
Dec	7188	7069	7205	7110
Jan	7194	7118	7225	7155
Feb	7023	6984	7060	6980
Mar	6658	6615	6690	6640
Apr	6323	6300	6365	6325
May	6118	6095	6130	6115
Jun	5978	5955	6020	6000
Jul	5918	5895	5965	5900
Aug	5948	5925	5970	5935
Sep	6053	6025	6060	6050

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low	
Dec	23.80	23.82	24.03	23.66
Jan	23.57	23.58	23.77	23.43
Feb	23.24	23.25	23.41	23.08
Mar	22.90	22.92	23.07	22.78
Apr	22.59	22.61	22.75	22.47
May	22.33	22.36	22.44	22.21
Jun	22.09	22.13	22.20	21.97
Jul	21.90	21.94	22.00	21.78
Aug	21.73	21.78	21.80	21.62
Sep	21.58	21.64	21.68	21.66

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Dec	1200	1204	1214	1193
Mar	1261	1266	1275	1255
May	1300	1304	1310	1294
Jul	1329	1331	1340	1332
Sep	1357	1361	0	0
Dec	1394	1396	1405	1405
Mar	1426	1430	0	0
May	1450	1455	0	0
Jul	1473	1480	0	0
Sep	1494	1499	0	0

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Dec	78.55	78.80	79.15	78.20
Mar	82.65	83.35	83.40	82.40
May	85.35	85.60	85.75	85.30
Jul	87.90	88.96	88.10	88.00
Sep	90.50	91.65	91.10	90.60
Dec	93.90	94.00	0	0
Mar	97.40	97.50	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
Dec	60.50	61.83	61.60	60.42
Mar	62.35	63.33	63.05	62.27
May	62.95	63.85	63.45	62.85
Jul	63.73	64.50	64.20	63.60
Oct	64.85	65.10	64.95	64.85
Dec	65.00	65.35	65.15	65.00
Mar	66.25	66.60	66.33	66.33

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Nov	168.25	167.00	171.50	168.25
Jan	173.05	171.20	176.20	172.50
Mar	173.20	171.65	176.50	172.75
May	173.50	172.00	176.05	173.50
Jul	172.90	170.70	175.00	172.50
Sep	172.40	170.00	174.00	174.00
Nov	162.75	159.85	161.45	161.45
Jan	162.35	159.45	161.00	161.00
Mar	162.35	159.45	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)

Nov.4	Nov.1	mnth ago	yr ago
1641.2	1650.6	1603.1	1719.8

DOW JONES (Base: Dec. 31 1974 = 100)

	Nov 1	Oct.31	mnth ago	yr ago
Spot	114.37	114.28	116.14	124.64
Futures	123.01	123.02	123.88	127.83

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Nov	563/6	567/2	566/0	560/6
Jan	570/0	573/4	573/0	567/2
Mar	577/4	581/0	581/0	575/2
May	584/2	587/6	588/0	583/0
Jul	591/2	594/2	594/6	589/4
Aug	591/0	594/0	594/4	591/0
Sep	583/0	584/2	586/0	583/0
Nov	583/0	584/2	586/4	582/4
Jan	592/4	594/4	595/0	592/4

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Dec	19.31	19.42	19.47	19.17
Jan	19.46	19.60	19.63	19.35
Mar	19.80	19.90	19.98	19.69
May	20.11	20.19	20.27	20.01
Jul	20.35	20.50	20.58	20.31
Aug	20.50	20.65	20.70	20.50
Sep	20.65	20.77	20.85	20.65
Oct	20.60	20.75	0	0
Dec	21.00	21.10	21.05	20.93

SOYABEAN MEAL 100 tons, $/ton

	Close	Previous	High/Low	
Dec	185.3	185.9	186.1	184.4
Jan	183.0	183.5	183.8	182.1
Mar	181.0	181.2	181.8	180.2
May	178.7	178.5	179.4	178.2
Jul	178.5	178.0	178.8	177.6
Aug	178.0	177.2	178.0	177.5
Sep	178.0	177.1	178.0	177.0
Oct	188.5	187.0	0	0
Dec	188.5	187.7	188.5	187.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Dec	251/6	254/0	254/2	249/4
Mar	260/2	262/2	262/4	258/6
May	266/4	267/6	268/2	264/4
Jul	270/0	271/4	272/0	268/6
Sep	260/0	260/4	261/4	260/0
Dec	256/0	256/0	257/2	255/2
Mar	263/0	263/0	0	0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Dec	363/0	364/6	365/4	361/6
Mar	362/0	363/0	364/0	361/2
May	345/2	345/0	347/0	344/4
Jul	327/2	325/4	329/0	325/0
Sep	332/4	331/0	334/0	332/4
Dec	341/4	340/0	343/0	341/4

LIVE CATTLE 40,000 lbs, cents/lbs

	Close	Previous	High/Low	
Dec	72.32	73.57	73.57	72.07
Feb	72.90	74.17	74.12	72.67
Apr	73.17	74.17	74.15	72.92
Jun	70.57	71.37	71.40	70.45
Aug	68.85	69.60	69.60	68.85
Oct	69.40	70.20	70.40	69.40
Dec	70.95	71.60	71.60	70.95

LIVE HOGS 40,000 lb, cents/lbs

	Close	Previous	High/Low	
Dec	41.00	41.27	41.05	40.37
Feb	42.17	42.27	42.25	41.50
Apr	40.52	40.57	40.60	40.10
Jun	45.30	45.32	45.35	44.95
Jul	45.40	45.40	45.40	45.10
Aug	44.20	44.20	44.20	43.90
Oct	41.00	41.05	41.05	40.92

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Feb	41.90	41.27	42.00	40.85
Mar	41.80	41.17	41.90	40.80
May	42.92	42.42	42.95	41.75
Jul	43.80	43.32	43.90	42.50
Aug	42.15	41.60	42.35	41.40

FINANCIAL TIMES ARCHITECTURE AT WORK AWARD 1991

FINANCIAL TIMES
ARCHITECTURE AT WORK
A W A R D 1 9 9 1

Assessors Report/Winner

There were almost 100 entries for the 1991 Award and after consideration of a long shortlist the assessors: Lord Gibson, Nicholas Grimshaw and John Outram gave the 1991 Financial Times Architecture at Work Award to: RMC House, Egham, Surrey designed by Edward Cullinan Architects.

1: RMC House, Egham, Surrey

Architect: Edward Cullinan Architects Ltd
Engineer: YRM Anthony Hunt Associates Ltd
Client: RMC Group Plc
Contractor: Trafalgar House Construction Management Ltd

The award was given to this project because almost all of its effect is the product of its architecture: its disposition of the fundamental architectural elements of earth, sky and light by means of the basic architectural elements of the floor, roof, wall, column, etc. It does not seek to replace architecture by mechanical gadgets, high quality external floorscaping or expensive cladding finishes.

In this it must be pointed out, yet once more, that the Architect who builds for a distinct Client who can respond, if necessary, in an unconventional way to the far from ordinary problems that 'ordinary' development often throws up, begins the race to the FT Award with a certain advantage.

What makes the RMC building an architectural strategy of the first class is Cullinan's final subterfuge, which is to re-build the complete kitchen garden upon the roof of the office building.

A charming architectural ensemble has resulted from this clever response to the oppressive problems that beset the builder of large new buildings in what everyone still likes to imagine is the unspoilt countryside. The workplace of the RMC staff is provided with pleasant toplit courts, both external and internal, one of which houses a magnificent swimming pool whose ozone-rich dampness is separated from the entrance hall only by a diaphanous forced-air-curtain. The visitor sweeps into a circular court that feels uncannily like an underground grotto and then after climbing only one storey to the directors dining rooms, he finds himself looking out over the lush roof-gardens and the surrounding countryside, as if set upon a high terrace, a veritable hanging gardens.

RMC, even though it is such a "defensive" response to the problem of how to build out in the exurban maelstrom of gravel-pits, overflying aircraft and paranoid local residents, helps to lift our ambition a little and to show us the big sweep of the great architectural wood that lies beyond the trees to which most architects confine their attention during the day-to-day labours of modern building.

Commendations

Two Buildings at Stockley Park, Uxbridge. Stockley Park represents a truly impressive record of close control of design lasting over many, many years and many, many aspects. There is a feeling, within the gates of Stockley, that one has at last entered a world in which design matters. It has set a standard for Business Park Design that is second to none in Britain, and, in Europe.

2: 'B1' Building – Hasbro Bradley – Stockley Park, Uxbridge, Middlesex

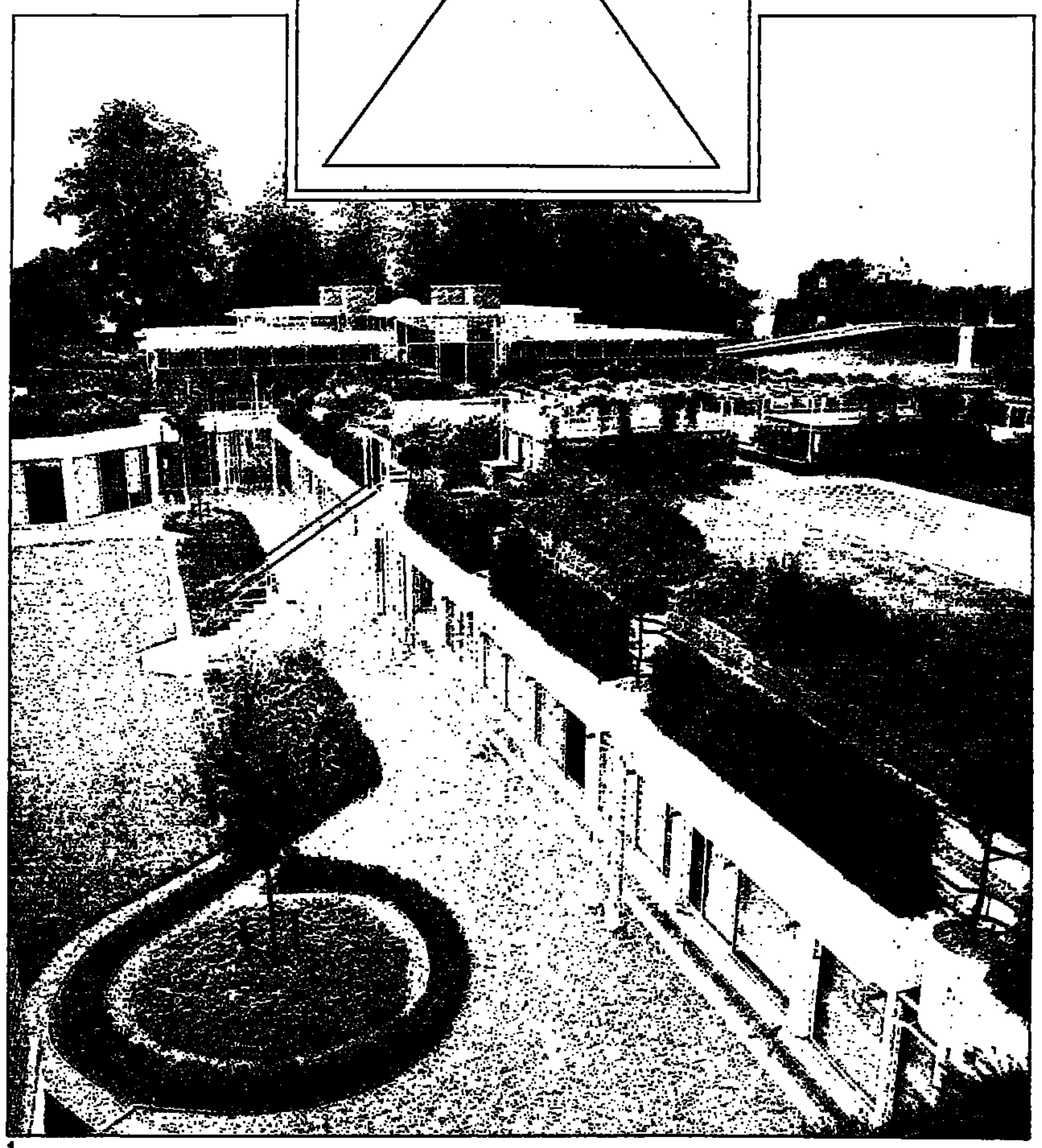
Architect: Arup Associates
Engineer: Arup Associates
Client: The Stockley Park Consortium Plc
Contractor: Schal International Limited

The new European headquarters for the American company Hasbro Bradley (UK) Limited, one of the world's leading toy-makers, is located on a focal site at the centre of Stockley Park in Uxbridge, Middlesex. Designed by Arup Associates, this building on Roundwood Avenue overlooks one of the newly created lakes on the north-eastern edge of the first phase of this business park which has been created on formerly derelict land near Heathrow Airport. It closes the vista of the principal road entrance into Stockley and provides a total of 9514 sq.m. of space planned on two floors focussed around a sculpted glass pavilion.

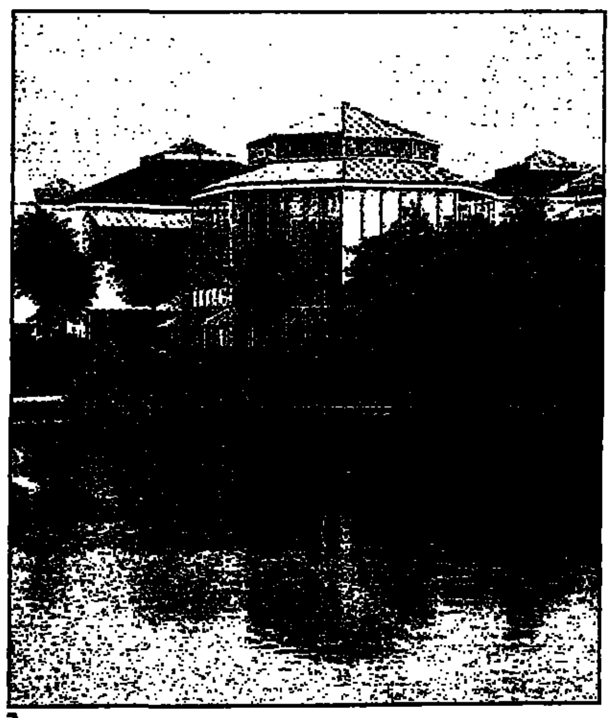
As well as providing a range of different types of office workspaces, this new headquarters building accommodates a range of showrooms and display spaces together with a presentation suite which has been specially designed for product demonstrations. An octagonal conservatory houses a coffee lounge with a mezzanine dining area on the upper floor.

Arup Associates designed the Hasbro building and, working closely with the client and the American designers Sussman Prejza of Santa Monica, developed a concept for the interior design and fitting out. This concept was based on the use of natural timbers and a palette of pastel colours selected to provide a background to the lively colours of the products on display and the artwork which was to be exhibited within the building. Special light fittings for the restaurant and the public areas of the building were designed in collaboration with consultants Derek Philips Associates.

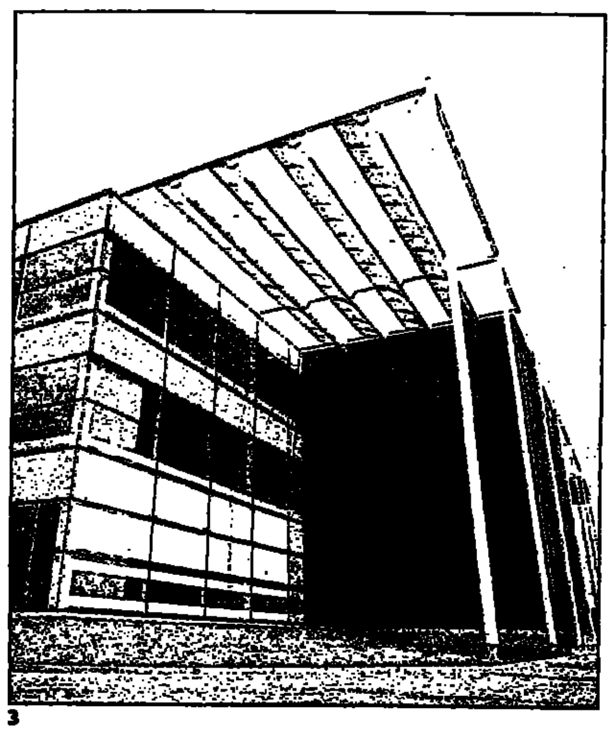
The jury admired the consistency of Arup Associates approach to "buildings in the landscape" at Stockley Park and feel that the aesthetic of the lakeside pavilion has been successful. The internal planning of the building and the incorporation of a fascinating collection of contemporary art makes for an agreeable working environment.



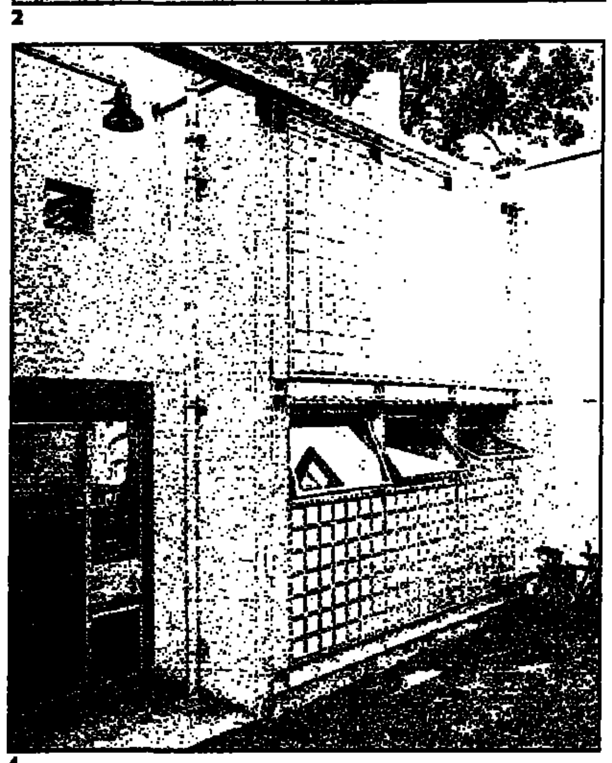
1



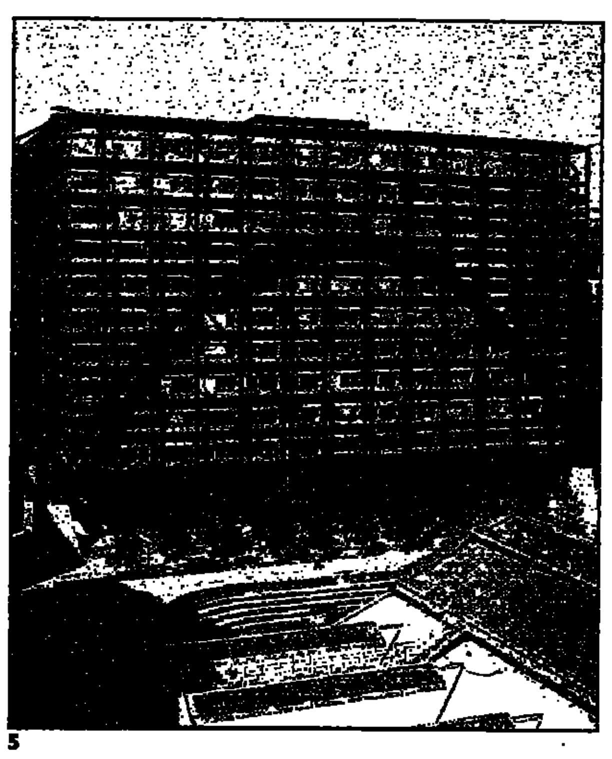
2



3



4



5

For a copy of the awards brochure please send an A4 stamped addressed envelope to PR Department, Financial Times, Number One Southwark Bridge, London SE1 9HL

3: 'B8' Building – Stockley Park, Uxbridge, Middlesex

Architect: Ian Ritchie Architects
Engineer: Ove Arup and Partners
Client: Stockley Park Consortium Limited
Contractor: Schal International Limited

Ian Ritchie's building was, without doubt, the most aesthetically refined of any of the buildings that we saw this year. It is also the most poetic response to the banal commercial formulae that the developers of Stockley Park impose upon their Architects. By cleaving to the formula, as if to a sacred text, it reveals its spiritual, its intellectual emptiness. But that is the devastating effect of all real art, to tell the truth about its subject. The question that the critics, and the panel face, before the essentially tragic application of such a poetic intensity to such banal intentions, is, does one award the singer, or the song?

Ritchie's building is awarded a Commendation for a perfect elegance of design, in spite of, or even, perhaps, because of, the rigorous banality of his brief.

4: Studios, Agar Grove, Camden Town, London NW1

Architect: David Chipperfield Architects
Engineer: Price and Myers
Client: Derwent Valley Holdings Plc
Contractor: E C Sames

The Studios occupy a 'backland' site behind some large, cream-painted, 19Century terrace-houses. The road to them turns into gravel and small trees clump into informal groups. The buildings present a face that is cool and well-mannered, creamy-grey concrete, glass block and steel, with the kind of big hardwood pivot doors canonised by 'Corbu'. We have left the hectic commercial hype of big-bang transatlantic megablocks and entered the world of a developer and an Architect who set themselves to find a Clientele who preferred other values.

The creation of a group of buildings with the qualities of this group of commercial studios has always been unusual in Britain. We lack the preconditions, in our national history, for this degree of radical environment deracination. Or to put it another way, we feel freer to project alternative mythic narratives out into the public space of our cities. We are, as a culture, more garrulous with our public architecture than most of our European neighbours, who prefer, as Mies put it, to say more with less. It is arguable that our freedom enables British architecture to react more aggressively to the monstrous challenges of contemporary urbanisation. Agar Grove is a quiet, sylvan backwater, in which these chaste studios rest very seemingly.

However, all agreed that these Studios represented an accomplished and beautiful exercise of the refined architectural manners for which David Chipperfield has rightly come to be renowned.

5: Exchange House, Primrose Street, London EC2

Architect: Skidmore Owings and Merrill
Engineer: Skidmore Owings and Merrill
Client: Rosehaugh Stanhope Developments Plc
Contractor: Bovis – Schal Joint Venture

Of all the buildings in the great Broadgate development, it is Exchange House that communicates most clearly that these are buildings which derive from a close working relation between Rosehaugh-Stanhope and British Rail. Unfortunately, however, it is the very element that dramatises this point which caused this building to narrowly miss being chosen as this year's winner. The great arch that curves over the railway tracks into Liverpool Street, and from which the whole building is so magnificently and heroically suspended in mid-air, is made of a series of straight lengths. The Judges felt that the failure to curve the steel of this unique element, the key to the whole identity of the building, was a major error of judgement that could not be recuperated, even by the very generously funded and inventively-designed piazza with its beautiful Botero sculpture. It is, after all, the FT prize for Architecture, not paving and sculpture. The judges felt that the building was a very well-deserved Commendation.

LONDON STOCK EXCHANGE

Stock on offer in a nervous market

By Terry Byland, UK Stock Market Editor

POLITICAL and economic uncertainties bore down heavily on the UK stock market yesterday, bringing further losses in nervously traded blue chip stocks. Continuing weakness in the dollar following recent concern over the progress of the US economy brought falls in the UK's overseas earning companies. The domestic scene was unsettled ahead of the Autumn Statement on the economy, expected tomorrow, from Mr Norman Lamont, the chancellor of the exchequer.

Although Seaq-reported turnover was relatively light, there were attempts, sometimes successful, to place large lines of stock by institutions unhappy with the outlook for the rest of the week.

The political scene gives cause for nervousness. While the latest public opinion polls favour the governing Conservative party led by Mr John Major, the market is resigned to a poor showing by the government in three UK by-elections to be held on Thursday.

Political tensions heightened after problems in the domestic residential mortgage industry surfaced at the weekend. These concerns were emphasised yesterday when a rescue merger of Town & Country Building Society, which is believed to be facing losses of between £7m and £10m this year, was arranged with the Woolwich, one of Britain's largest home loan organisations.

Equities opened lower and an attempt to rally was abruptly halted when the US dollar turned downwards. London was already showing a fall of around 13 Footsie points when Wall Street increased the downward pressure by recording a fall of 20 Dow points in UK trading hours.

The FT-SE Index closed down 21.7 at 2,527.8, virtually the low of the day. The market is only about 16 points above its October low point and analysts remained pessimistic regarding the market's short term prospects. However, views on the medium term economic outlook have improved and investors are keenly watching for confirmation from corporate results that the domestic recession has, at the very least, bottomed out.

Institutional sellers placed substantial lines of stock in Redland, the construction group and an attempt was made to sell stock in Tesco, the supermarket group. Blocks of stock in other leading names were also on offer, but did not always find takers.

Overall turnover was poor, with Seaq volume down to 366.4m shares from Friday's 501.3m. "This amounted to a buyers' strike," said the leading trader of one of the most active brokerage houses.

The absence of significant selling pressure indicates that the institutions are not deeply concerned by the present level of the stock market. Fund managers are clearly unwilling to take risks this week in a market which could suffer a setback on Friday. On that day, the equity account is due to close in the teeth of the outcome of the by-elections. Analysts believe that the institutions may now keep out of the market until the new account opens next week.

Shares in BT gave ground again, although the British government is understood to be acting to prevent any attempt at arbitrage selling ahead of the £5bn offer for sale next month. Some institutions believe that the shares will fall further before the public sale, and resent attempts to restrain their market operations.

Account Dealing Dates

*First Dealings:		
Oct 28	Nov 11	Nov 25
Option Declarations:		
Nov 7	Nov 21	Dec 5
Last Dealings:		
Nov 8	Nov 22	Dec 6
Account Day:		
Nov 18	Dec 2	Dec 16

*New-time dealings may take place from 8.30 am two business days earlier.

Building stocks on alert

THE BUILDING materials sector of the market attracted an unusually high level of activity, with Redland, the aggregates-to-tiles group, notably busy after talk of a substantial share placing and rumours that the group may be about to launch a takeover offer for Steetley, the brick manufacturer.

Stories of an imminent bid for Steetley have been in the market for at least two weeks, with Redland rumoured to be a potential bidder. Steetley shares ran up 9 more to 287p in turnover of only 738,00 shares.

Building sector specialists said a move to merge the two companies would produce a very good fit as far as the businesses were concerned, but that the numbers involved would put off many fund managers. "A successful bid for Steetley would cost at least £500m and that is not an attractive number for Redland," commented one analyst. Another suggested that Steetley might be too big for Redland to take on.

Redland shares slipped 10 to 520p on turnover of 3.4m; Cazenove, Redland's broker, would not deny market suggestions that it had placed a line of 1.8m shares at 522p a share. The stock was thought to have emanated from Redland's employee share options scheme.

Aran deals

Two exceptionally large trades in Aran Energy carried out at a substantial discount to the market price were printed on the Seaq delayed ticker only minutes before the official close; the deals showed up at 6.00pm. The first was a line of 9m Aran traded at 15p and the second a block of 5.3m, with the two deals equivalent to a near 6 per cent stake in the oil exploration group. The trades were thought to have represented "bed and breakfast" tax-related deals. At the close of business, Aran shares were quoted at 26p, marginally easier on the day.

Steel nerves

Nervousness ahead of next Monday's half-time results prompted British Steel shares to give up 3⅛ to 114⅛p on thin turnover of 4.2m shares.

There is confidence over the interim profits, predicted to be around the £30m level, but there are fears that the company will announce a cut or even a passing of the dividend at the results' meeting. Most analysts expect the company to make a year-end loss in excess of £100m but with an improvement the following year.

Mr Peter Lilley, UK Trade and Industry Secretary, yesterday announced he would not refer the proposed joint venture between British Steel and Bethlehem Steel, of the US, to the Monopolies and Mergers Commission.

The recent strong performance of Standard Chartered, marginally firmer yesterday at 423p, continued to confound the market. There were suggestions yesterday that the marked strength of the shares against a generally weak banking sector could have been the first moves by a potential stakebuilder, or possibly topping up of the stake held by Tan Sri Khoo Peck, the far eastern businessman, whose last known stake was said to be 8.46 per cent. Schroders Investment Management recently lifted its holding in Standard to around 5 per cent.

National Home Loans dipped 2 to 7½p after weekend press mention of substantial losses.

Royal Insurance shares were again haunted by worries about the extent of mortgage indemnity losses which could trigger a cut in the dividend. Stories of a possible substantial rights issue, the sale of part of Royal's life insurance business or of its stake in Aachener Munchen, the German insurance group, continued to do the rounds of the market. Royal closed 11 weaker at 287p, the lowest for more than five years.

General Accident declined 10 to 494p on a BZW sell recommendation.

The weakness of the dollar did nothing to help internationals. The sector was already under pressure from the falling market and from Wall Street's setback both on Friday and in early trading yesterday. The biggest declines came in stocks that had seen strong gains last week: Glaxo slipped 16 to 768p and Reuters also 16 to 959p.

One exception was BOC, which was 5 higher at one point helped by a buy recommendation from Kleinwort Benson. Mr Jeremy Chantry at Kleinwort said the market had become jaded with waiting for an upturn in cyclical stocks. Defensive companies such as BOC were looking attractive once again.

He cited positive remarks from US group Union Carbide, which said capacity was being squeezed in some areas. This was likely to help margins in the industrial gases market. BOC shares underperformed during October and Mr Chantry said they could easily trade at around the 600p level. The shares ended yesterday at 571p for a net gain of 2 on light turnover. BOC publishes interims on November 14.

The weakness among composite insurance issues hurt BAT Industries, which owns Farmers Group, in California. The shares slipped 9 to 627p. BAT reveals third-quarter figures on November 19.

The oil sector was hit by persistent selling pressure, with the majors weakened by talk of imminent profits downgrades of Shell Transport after recent poor figures from its US subsidiary Shell Oil. BP's third-quarter figures are due on Thursday, with marketmakers on alert for a knock-on effect on BP from any Shell downgrades. Shell settled 3⅛ off at 502½p on 3.2m traded, while BP eased 3 to 325p on 2.2m.

Ultramar lost 3 to 340p on turnover of 2.3m after the company released its initial defence document against the takeover offer from Lasmo. The one-for-one share exchange bid closes next Monday. Lasmo slipped 4 to 311p, upset by a sell recommendation from Smith New Court, whose oils team said: "Lasmo may rue the day it put its own record in the shop window in bidding for Ultramar."

Ultramar lost 3 at 340p, partly reflecting worries that no counter to Lasmo's offer may appear but also in the wake of a sell recommendation issued by Strauss Turnbull.

Strauss told clients that a rival bidder would probably not emerge and Lasmo was unlikely to raise its offer significantly. Mr John Toalster, the Strauss oil analyst, said: "It is not a battle of giants but an unseemly dogfight, and there is neither a strong attack by Lasmo nor a strong defence from Ultramar. The bid exposes not only the weakness within the companies but also in the industry as a whole."

Tesco dipped 2 to 237p on suggestions that a line of 5m shares had been offered around the market at 241p. By the close, however, there were no signs that it had found a home; only 2.6m shares were recorded on the Seaq ticker.

Tiphook fell 16 to 515p on reports that Friends Provident had reduced its holding of around 8.7 per cent in the company by selling a block of 500,000 shares at 510p. The selling, below the market price, drew out further sellers. Turnover reached 1.7m. However, Mr Mark Laurence at Carr Kitkat & Aitken believes the stock is undervalued.

Turnover in Laird Group rose to 15m as the shares retreated 13 to 248p after Warburg Securities bought a block of around 8.1m shares, about 9 per cent of the total equity, at 245p. The majority was successfully placed at around 248p. However, there were reports that over 1m shares remained unsold, creating fears of a stock overhang.

The announcement that Mediopharma, the Dutch pharmaceuticals wholesaler which holds around 8 per cent of the UK market, is closing its UK operations benefited the market leaders, UniChem and AAH Holdings, which rose 6 to 451p and 2 to 187p respectively. Mr Andrew Richmond of UBS Phillips & Drew said: "The changes are positive for both of them and we remain buyers."

Polymer fibre and foam group British Vita rallied 6 to 244p after weakness last week.

Good two-way business ahead of interim results for Leigh Interests on November 12 led to healthy turnover. The stock closed 2 off at 281p.

USM-quoted Proteus International, which specialises in computer modelling of molecules, continued to advance after announcing last week that it had signed a deal with a US company over a synthetic Aids vaccine. The shares gained 19 to 169p.

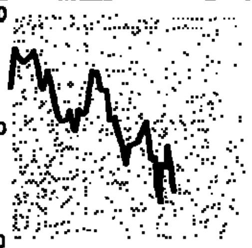
A positive note from Kleinwort Benson helped Boots to close 2 better at 428p. Kleinwort argues that investors should buy the stock on weakness and take advantage of the benefits that will come through after the company's new heart drug Manoplax receives approval.

The property sector provided one of the few groups to hold up well against a generally weak market.

MARKET REPORTERS:
Daniel Green, Peter John, Joel Kibazo, Jim McCallum, Steve Thompson.

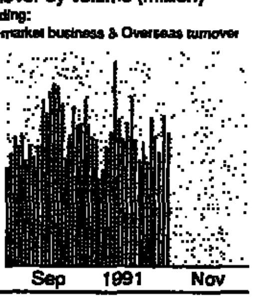
■ Other market statistics, including the FT-Actuaries Share Indices and London Traded Options, Page 27.

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)
Excluding:
Intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1991

NEW HIGHS (48).
BRITISH FUNDS (2) Treas. 8pc 1991, Tr. 2pc I-L 1992, BREWERS (1) Guinness 8¾pc Ln., CHEMICALS (2) Plysu, Yule Catto, STORES (1) Blacks Leisure, ELECTRICALS (5) Borland, Druck, Prestwick, Pelon, Tunstall, ENGINEERING (1) Prospect Inds., INDUSTRIALS (11) AAH, Beapak, Bridport-Gundry, Burndene, De La Rue, Gt. Southern, Johnson Cleaners, Proteus Intl., Ramco Oil, Seton Healthcare, Spring Ram, INSURANCE (2) Lloyd Thompson, Lowndes Lambert, LEISURE (1) Owners Abroad, MOTORS (3) Cook (DC), FR, Kwik-Fit, NEWSPAPERS (3) Johnston Press, News Corp., News Intl. Spec. Div., PAPERS (2) Abbott Mead Vickers, St. Ives, TRANSPORT (2) Lon. & O'seas. Freighters, Tibbett & Britten, TRUSTS (3) Mercury Asset Management, Rights & Issues Cap., US Smaller Co's. Warrants, OILS (4) Gulfstream Res. Canada, Intl. Petroleum, Pittencrieff, Utd. Energy, PLANTATIONS (1) Bertam, MINES (1) Croesus Mining.
NEW LOWS (28).
AMERICANS (2) Allegheny & West., IBM, CANADIANS (1) Imperial Oil, BANKS (2) First Natl. Finance, Joseph (Leopold), BUILDINGS (1) Westbury, STORES (1) Alan Paul, ELECTRICALS (2) Automated Security, Sema, ENGINEERING (2) Vickers, WB Inds., INDUSTRIALS (7) ADT, Baris, Beckenham, Slopian, Brit. Aerospace, Hanson Warrants, Hartons, INSURANCE (1) Royal Insce., LEISURE (1) Wembley, MOTORS (1) Jacks (Wm.), SHOES (1) Stylo, TRUSTS (1) Natl. Home Loans, MINES (2) Renison, Waverley Mn. Finance.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change		Volume 000's	Closing Price	Day's change
ADT	108	444	-11	Cookson	71	121	-2½	Lucas	148	135	-1	Severn Trent Water	214	326	-3
ASDA Group	6,000	42		Courtaulds	418	468	-5	MB Caradon	450	248	+3	Shell Transport	3,200	502½	-3½
Abbey National	2,700	231	+3	Dalgety	464	388	-4	MEPC	185	463	+1	Siebe	174	514	-4
Albert Fisher	2,800	65	-1	De La Rue	138	474	-1	Manweb	18	298	-3	Slough Ests	359	251	+1
Allied-Lyons	886	589	-6	Dixons	736	253	+3	Marks & Spencer	726	285	-3	Smith (W H) A	421	464	-3
Amstrad	157	37		ECC Group	1,100	479	+2	Maxwell Comms	1,400	139	-2	Smith & Nephew	946	152	
Anglian Water	415	375	+7	Eastern Elect.	608	236	-4	Midland Bank	1,200	236	-1	SmKl Beecham	1,400	787½	-7½
Argos	908	323	-3	East Midland Elect	378	251	-3	Midlands Elect.	243	263	-1½	SmKl Beecham Uts	117	2570	-38
Argyll Group	742	271	-4	Enterprise Oil	105	528	-2	NFC	315	214	+2	Smiths Inds.	222	752	+2
Arjo Wiggins	1,000	209		Eurotunnel Units	609	418	+1	NatWest Bank	654	312	-4	Southern Elect.	233	238	
Ass. Brit. Foods	5	854	-1	FKI	115	60	-1	National Power	2,000	154½	+1	South Wales Elect	46	310	-2
BAA	317	432½	-7½	Ferranti	10,000	6½	+1	Next	1,400	30½	-½	South West Water	625	337	+5
BAT Inds	473	627	-9	Fisons	705	456	-2	North West Water	694	371	+2	South West. Elect.	73	258	-4
BET	1,200	224	-3	Forte	1,600	268	-1	Northern Elect.	358	260	-1	Southern Water	258	329	+2
BICC	276	351	-2	Gen. Accident	512	490	-14	Northern Foods	210	530	-2	Standard Chartd	1,100	423	+1
BOC	498	571	+2	General Elect.	2,400	185	-1½	Norweb	1	278	-3	Storehouse	262	184	
BPB Inds.	481	178	-4	Glaxo	2,200	768	-16	Pearson	107	756	-6	Sun Alliance	199	327	
BTR	780	390½	-1½	Glynwed Intl	46	225	-1	P & O	405	522	-1	T&N	983	148	-4
Bank of Scotland	519	116		Granada	849	189		Pilkington	313	154	-3	TI Group	197	617	
Barclays	1,300	415	-1	Grand Met	910	845	-7	PowerGen	213	161		TSB	467	131	
Bass	484	970	-2	GUS A	347	1379	+6	Prudential	741	233	+1	Tarmac	1,700	172	-2
Beazer	530	113	-1½	GRE	1,400	155	-2	RHM	646	287	-2	Tate & Lyle	612	381	+2
Berisford Int	728	27		GKN	124	330	-3	RMC	122	673	-8	Taylor Woodrow	172	184	
Blue Circle	81	238	-6	Guinness	872	520	-4	RTZ	661	544	-2	Tesco	2,600	237	-2
Booker	228	454	-1	Hammerson 'A'	7	603	-5	Racal	1,100	55	-2	Thames Water	630	323	+4
Boots	686	428	+2	Hanson	4,200	208½	-2	Rank Org	167	653		Thorn EMI	232	800	-8
Bowater	181	888		Hanson Warrants	1,300	20⅝	-1	Reckitt & Colman	304	677		Tomkins	325	207	+2
Brit. Aerospace	117	365		Harrisons Crosfield	297	149		Redland	3,400	520	-10	Trafalgar House	3,000	243	+1
British Airways	1,500	198	-3	Hawker Sidd	72	722		Reed Intl	742	500	-2	Ultramar	2,300	340	-3
British Gas	3,800	256½	-4	Hillsdown	1,300	187		Rentokil	27	347	-2	Unigate	262	315	-2
British Land	246	301	-6	IMI	196	236½	-3½	Reuters	321	959	-16	Unilever	614	797	-1
BP	2,200	325	-3	ICI	382	1242	-7	Rolls Royce	1,000	136	-1	United Biscuits	525	329	
British Steel	4,200	114½	-3½	Inchcape	32	382		Rothmans	252	1118	-3	Utd Newspapers	770	397	-4
British Telecom	6,500	359	-7½	Kingfisher	778	561	-4	Ryl Bk Scotland	1,900	175	+2	Vodafone	1,600	330	-10
Bunzl	19	91		Ladbroke	751	248	-2	Royal Insurance	833	287	-11	Wellcome	173	729	-7
Burmah Castrol	136	562		Land Securities	819	501	+1	Saatchi	1,900	13½		Welsh Water	629	384	+2
Burton	2,300	46½		Laporte	83	577	+3	Sainsbury	1,700	348	+2	Wessex Water	47	336	+4
Cable & Wire	756	549	-5	Legal & General	360	361	-2	Scottish & New	832	350	+1	Whitbread A	341	454	-3
Cadbury	804	405	-3	Lloyds Abbey	869	388	+1	Scot. Hydro-Elect	392	109		Williams Hldgs	1,100	227½	-1½
Calor Group	89	247		Lloyds Bank	1,600	384	-1	Scottish Power	2,600	106	-1½	Willis Corroon	233	293	-4
Carlton Comms.	251	516	-7	LASMO	703	311	-4	Sears	1,600	100½	-2	Wolseley	2,300	160	-2
Coats Viyella	743	188	-2	London Elect.	368	257	-3	Sedgwick	146	243	-4	Yorkshire Elect.	91	330	-3
Comm. Union	462	477	-1	Lonrho	1,600	138	-4	Seeboard	134	262		Yorkshire Water	380	383	+6

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

FINANCIAL TIMES STOCK INDICES

	Nov 4	Nov 1	Oct 31	Oct 30	Oct 29	Year Ago	1991 High	1991 Low	Since Compilation High	Since Compilation Low
Government Secs	86.46	86.56	86.92	86.96	86.87	80.35	87.94 (18/9)	82.17 (2/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	96.48	96.54	96.94	96.74	96.64	88.45	97.17 (2/10)	90.59 (2/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary Share ●	1935.3	1952.7	1962.3	1978.7	1954.0	1581.1	2108.3 (2/9)	1606.3 (16/1)	2108.3 (2/9/91)	49.4 (26/6/40)
Gold Mines	154.1	161.2	164.4	165.5	169.8	166.6	222.8 (11/7)	127.0 (22/2)	734.7 (15/2/83)	43.5 (26/10/71)
FT-SE 100 Share	2527.8	2549.5	2566.0	2577.1	2553.3	2050.1	2679.6 (2/9)	2054.8 (16/1)	2679.6 (2/9/91)	986.9 (23/7/84)
FT-SE Eurotrack 200	1145.92	1152.35	1158.30	1161.91	1156.40	-	1198.60 (3/9)	938.62 (16/1)	1198.60 (3/9/91)	938.62 (16/1/91)
●Ord. Div. Yield	4.98	4.93	4.91	4.88	4.91	6.05				
●Earning Yld %(full)	7.73	7.67	7.62	7.52	7.61	12.61				
●P/E Ratio(Net)(☆)	16.22	16.36	16.47	16.68	16.50	9.61				
SEAQ Bargns 4.45pm	22,423	23,461	26,202	25,339	25,373	17,624				
Equity Turnover(£m)†	-	787.75	973.01	960.29	1004.01	540.58				
Equity Bargains†	-	21,848	23,634	23,743	23,612	16,153				
Shares Traded (ml)†	-	432.9	492.0	448.0	457.8	271.8				

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold mines 12/9/55. Basis 1000 FT-SE 100 31/12/83 & FT-SE Eurotrack 200 26/10/90. ☆ Nil 15.32

Ordinary Share Index, Hourly changes — Day's High 1955.8 — Day's Low 1934.8

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
1953.7	1955.6	1951.3	1942.6	1942.8	1942.6	1942.6	1937.4	1936.0

FT-SE 100, Hourly changes — Day's High 2552.6 — Day's Low 2527.0

Open	9 am	10 am	11 am	12 pm	1 pm	2 pm	3 pm	4 pm
2458.9	2552.0	2546.3	2536.1	2536.3	2536.6	2536.5	2529.5	2529.4

FT-SE Eurotrack 200, Hourly changes‡ — Day's High 1150.83 — Day's Low 1144.22

Open	10 am	11 am	12 pm	1 pm	2 pm	3 pm
1150.56	1150.21	1147.88	1148.74	1147.23	1148.04	1145.01

GILT EDGED ACTIVITY

Indices*	Nov 1	Oct 31
Gilt Edged Bargains	102.9	119.6
5-Day average	116.9	119.5

*SE Activity 1974.
†Excluding intra-market business & Overseas turnover.

London report and latest Share index: Tel. 0898 123001

EQUITY FUTURES AND OPTIONS TRADING

TRADING in Footsie futures remained weak despite a strong attempt to rally at the beginning of the session, writes Joel Kibazo.

The December contract opened strongly and rose quickly to a premium of 30 above the cash index, buoyed by a Sunday Times opinion poll showing the ruling Conservative party to be ahead of the Labour party.

However, the momentum was lost when the index failed to follow the lead set by the futures and December retreated to trade around its estimated fair value of 26 for most of the session, pulling the index lower. Further selling was prompted by a poor opening on Wall Street.

At the close, December stood at 2554, down 13 on Friday's close. Turnover reached a meagre 3,339 lots.

It was also a quiet day in the options market with volumes down on recent sessions. Turnover reached a poor 17,382 contracts. The biggest single trade was a spread in ICI. S.G Warburg was reported to have bought 500 January 1200 calls at 98 and sold 500 of the January 1250 calls at 60 and 500 of the January 1300 calls at 40p.

BT was the busiest trader with 1,656 lots dealt followed by ICI and Kingfisher.

LONDON SHARE SERVICE

BRITISH FUNDS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
		"Shorts" (Lives up to Five Years)				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		Five to Fifteen Years				
101¼	95¾	Conversion 10pc 1996	100⅞xd	-⅛	9.92	9.77
101⅜	97¼	Do. 10pc 1996 B	100⅜xd		10.11	9.77
114⅝	108⅛	Treas 13¼pc 1997‡‡	112⅝	-⅛	11.73	9.96
103⅝	97¼	Exch 10½pc 1997	102⅝	-⅛	10.23	9.80
96⅝	89⅞	Treas 8¾pc 1997‡‡	95⅝	-⅛	9.15	9.72
123¼	117	Exch 15pc 1997	121½	-⅛	12.35	10.09
100⅝	93⅞	Exch 9¾pc 1998	99⅝		9.79	9.80
88⅝	80⅞	Treas 6¾pc 1995-98‡‡	87⅞	-⅛	7.68	9.27
128⅞	121¼	Treas. 15½pc '98‡‡	126⅝	-⅛	12.21	9.98
111⅝	104⅞	Exch. 12pc 1998	110¼xd	-⅛	10.88	9.93
100⅝	92⅛	Treas 9½pc 1999‡‡	99⅛	-⅛	9.59	9.66
113⅞	105⅝	Exch. 12¼pc 1999	111¾	-⅛	10.96	9.94
104⅝	97⅛	Treas. 10½pc 1999	103⅛xd	-⅛	10.15	9.83
103⅜	95⅞	Conversion 10¼pc 1999	102⅛xd	-⅛	10.04	9.85
97⅜	89⅝	Conversion 9pc 2000‡‡	96⅛	-⅛	9.37	9.67
118⅝	110½	Treas. 13pc 2000	116¾	-⅛	11.13	10.03
103⅜	94⅝	Treas 10pc 2001	101⅛	-⅛	9.88	9.77
119⅝	113⅝	Treas 14pc '98-01	118⅛xd	-⅛	11.83	10.08
101⅝	92⅝	Treas 9¾pc 2002	99⅝	-⅛	9.77	9.76
104⅛	94⅝	Treas 10pc 2003	101½	-⅛	9.85	9.76

BRITISH FUNDS—Contd

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
111	102	Treas 11½pc 2001-04	109⅛xd	-⅛	10.55	9.97
62⅛	53⅛	Funding 3½pc '99-04	60⅛	-⅛	5.80	8.71
100⅛	90⅛	Conversion 9½pc 2004	98⅛	-⅛	9.69	9.75
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		Over Fifteen Years				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
		Undated				
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Index-Linked

1991 High	1991 Low	Stock	(b)	Price £	+ or -	(1)	(2)
122⅝	115⅛	Treas. 2pc '94	(102.9)	122⅝xd		2.56	3.57
176⅝	168⅝	Do. 2pc '96	(67.9)	176⅝		3.39	3.93
145⅛	137⅛	Do 2½pc '01	(78.3)	144⅝		3.87	4.17
140⅝	133	Do. 2½pc '03	(78.8)	140⅜xd	-⅛	3.95	4.20
143	135	Do. 2pc '06	(69.5)	142⅝		4.03	4.24
130⅝	124⅛	Do. 2½pc '09	(78.8)	130⅛xd		4.07	4.26
135	128⅝	Do 2½pc '11	(74.6)	134⅝		4.08	4.26
111⅛	105⅛	Do. 2½pc '13	(89.2)	110⅝		4.09	4.25
118⅛	113⅛	Do 2½pc '16	(81.6)	117⅝		4.09	4.25
113⅜	109⅛	Do. 2½pc '20	(83.0)	112⅝xd		4.10	4.24
95⅛	91⅛	Do. 2½pc '24‡‡	(97.7)	93⅝	-⅛	4.09	4.22

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for February 1991: 130.9 and for September 1991: 134.6.

INT. BANK AND O'SEAS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
107⅛	95⅛	African Dv Bk 11¼Ln 2010	105⅜		10.57	10.47
102⅛	91⅛	Asian Dev Bk 10¼pcLn2009	100⅛	-⅛	10.25	10.24
116⅛	105⅛	Int-Am Dev Bk 12½pc 2003	113¼	-⅛	10.99	10.37
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CORPORATION LOANS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

COMMONWEALTH & AFRICAN LOANS

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
97½	84½	Sth Rhod 87-92 Assd	97½			4.83

LOANS

Building Societies

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
106	102	N'wide Anglia 3⅝pc Ln 2021	105⅛			5.40
107¼	104	Do 4.25pcIL '24	107¼			5.05

Public Board and Ind.

1991 High	1991 Low	Stock	Price £	+ or -	Yield Int.	Yield Red.
53	52	Met. Wtr. 3pc 'B'	52¼	+¼	5.74	10.08

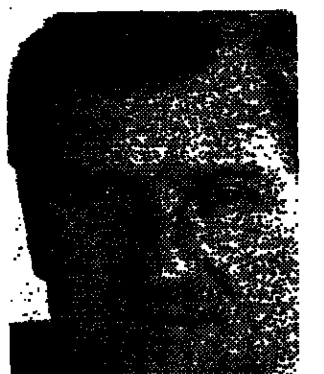
FOREIGN BONDS & RAILS

1991 High	1991 Low	Stock	Price £	+ or -	Div % Gross	Red. Yield
50	50	Greek 7pc Ass	50		3.50	17.00
50	50	Do 6pc 28 Stb Ass	50		3	16.00
50	50	Do 4pc Mixed Ass	50		2	14.00
55	55	Hung. '24 Ass	55		2.75	13.57
133⅞	120⅛	Hydro Quebec 15pc 2011	130⅛	-⅛	15.01	11.12

Continued on next page

APPOINTMENTS

Cox boxes with IT



George Cox (right), managing director of the London-based information technology consultancy Butler Cox, is to leave the company he co-founded at the end of January.

His departure brings to an end an era in the UK IT business. Founded 16 years ago to exploit the newly emerging area of synergy between computing, telecommunications and office systems, Butler Cox was acquired by the leading US computing services company Computing Sciences Corporation (CSC)in July this year. Now it seems the Butler Cox name is disappearing as the company is merged into CSC's management consultancy CSC Index.

It will live on, however, in the Butler Cox Foundation, an international subscription organisation established by Butler Cox to help large companies define their IT strategies.

Cox, now 51, learned data processing while working for the pioneering Molins group and management consultancy with Diebold Europe before forming Butler Cox with David Butler, another Diebold consultant. Butler has already retired from the company.

Cox says he is leaving Butler Cox to explore new challenges rather than because of dissatisfaction with his role in the merged companies. Friends say, however, that he has felt his direct management style increasingly at odds with that of his new owners. He says his future path is still open; he would consider running a public company in the services area or creating a new one from scratch, but he would not recreate Butler Cox. The financial success of the company ensures that he will not have to. His successor has not yet been named. ends

Origination at UBS P&D

Len Harwood has been appointed head of debt capital markets at UBS Phillips & Drew, the London securities arm of the Union Bank of Switzerland, as part of a restructuring of the origination department headed by Nick Ryan.

UBS P&D's share of the new issues business has been disappointing this year. The firm has dropped to 14th in the ranking of arrangers of Eurobond issues, from eighth last year, according to the International Financing Review, despite profitable operations on the trading and sales side.

Harwood remains in charge of money market products, but in his new role will also run the firm's new issue business in bonds. The new issue side was formerly the responsibility of Phillippe Truffert, who left the firm last week. The unit is part of the debt and treasury division run by Richard Briance, hired from Credit Suisse First Boston earlier this year.

■ John Wilson, currently deputy managing director of Ladbroke Hotels, is to become chief operating officer for Hilton International's worldwide operations. Wilson, 50, has worked his way up through the Ladbroke group; he joined Ladbroke Racing in 1972 as personnel controller and ran Rodeway Inns, a former subsidiary, in Dallas.

■ Aer Lingus announces that Hermann Jenny is moving to be chairman of Copthorne Hotels from president of Orient-Express Hotels.

Resignations

The following resignations or retirements have been announced: **J D Crosland**, a director of Bryant Group; **Shaun Dowling**, executive director of Guinness; **Derek Embrey**, technical director of A B Electronic Products Group; **Fajad Al-Rajaan**, a non-executive director of Henry Ansbacher Holdings, replaced by **Atef Al-Salem**; **David Smith**, a director of SD-Scicon, and **Alain Richard** to the board; **Peter Creasey Knee**, a director of Reckitt & Colman; **Martin Lampard**, a director of MAI; **Vincent Byrne**, a director of Bradstick Blunt & Crawley; **Ph M Verhulst**, managing director of Nedlloyd Road Cargo International bv, replaced by **H A van Gorp**; **Peter Akers**, director and secretary of Whatman, replaced by **John Simmonds** as secretary; **Phil Cox**, group chief executive of Burns-Anderson; **J S Docherty**, from executive to non-executive director of J O Walker; **A Melkerson**, a director of Microvitec; **J C Spink**, a director of Throgmorton USM Trust; **Jack Gore** and **Peter Foster**, chairman and deputy chairman of J H Minet & Co; **C J P Dawnay**, director of Mercury Asset Management; **Herb Brewer**, chairman of Triton Europe, replaced by **G T Graves**, deputy chairman and a vice-president of Triton Energy Corporation.

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain your free Share Code Booklet ring 071-925-2128

AMERICANS

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES – Contd

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ENGINEERING

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

PROPERTY

LONDON SHARE SERVICE

● Latest Share Prices are available on FT Cityline, call 0836 43 + four digit code. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain a free Share Code Booklet call 071-925-2128.

LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Contd

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRANSPORT

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS—Contd

[illegible]

Net asset values supplied by County NatWest Wood Mackenzie as a guide only.

FINANCE, LAND, ETC

[illegible]

FINANCE, LAND, ETC—Contd

[illegible]

WATER

[illegible]

OIL AND GAS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

MINES—Contd

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names. α Alpha refers to shares traded through SEAQ by at least two marketmakers and with a normal market size of 2,000 or more, based on experience of how many of its shares are traded in the typical deal. β Beta refers to all other shares. γ Gamma refers to other traded instruments.

Highs and lows are based on intra-day mid prices. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed, dealings permitted under rule 535(4)(a)
- ✣ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- †† Not officially listed.
- # Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim, reduced final and/or reduced earnings indicated
- § Forecast dividend; cover based on earnings updated by latest interim statement
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs. §§ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other official estimates. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending. q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend, cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1990-91. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1991. K Dividend and yield based on prospectus or other official estimates for 1990. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1991-92. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1991. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency

Craig & Rose £1	β	635	
Finlay Pkg 5p	α	45	
Holt (Jos) 25p	β	2020	+12
Helton Hldgs	γ	33	-1
IPG		123½xd	
United Drug		170	..

IRISH

Cap 8½% Ln 2010	£95¼	.
9pc Cap Ln 1996	£98½	
Fin 13% 97/02	£114	
Arnotts	190	

TRADITIONAL OPTIONS

3-month call rates

Industrials

	p
Allied-Lyons	50
Amstrad	6
Astec (BSR)	5
BAT	53
BOC Grp	48
BTR	33
Barclays	34
Blue Circle	20
Boots	33
Bowaters	55
Brit Aerospace	35
British Steel	10
Brit. Telecom	33
Cadburys	35
Charter Cons	42
Comm Union	40
Courtaulds	38
Eurotunnel	50
FKI	5
FNFC	10
Forte	21
Gen Accident	43
GEC	16
Glaxo	110
Grand Met	67
Guardian	14
GKN	28
Hanson	17
Hawker Sidd	55
ICI	95
Ladbroke	21
Legal & Gen	33
Lex Service	16
Lloyds Bank	30
Lucas Inds	12
Marks & Spencer	21
Midland Bk	20
Nat West Bk	26
P & O Dfd	41
Racal Elect	6
RHM	23
Rank Org Ord	55
Ratners	12
Reed Intnl	35
Sears	6½
SmKl Beecham A	53
TI	39
TSB	11
Tesco	21
Thorn EMI	65
T&N	14
Unilever	60
Vickers	16
Wellcome	60

Property

Brit Land	27
Control Secs	2
Land Securities	41
MEPC	42
Mountleigh	4

Oils

Aviva Petm	3
Brit Petroleum	26
Burmah Castrol	47
Conroy Petm	8
Gaelic Re	1
Premier	4
Shell	40
Tuskar Res	1
Ultramar	20

Mines

Lonrho	20
RTZ	46

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1,150 a year for each security shown, subject to the Editor's discretion.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

AUTHORISED UNIT TRUSTS

Morgan Grenfell Unit Tst Mgrs Ltd (1000)H
20 Finsbury Circus, London EC2M 1UT
Dealers: 071-826 0826 Enquiries: 071-826 0123

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
American Gwth	5¼	166.9	169.9	178.4	-3.2	0.79
European Gth Inc	5¼	198.0	198.0	211.1	+0.4	0.00
European Gth Acc	5¼	198.0	198.0	211.1	+0.4	0.00
Intl Gwth	5¼	144.3	144.3xd	153.6	-1.1	0.00
UK Equity Inc	5¼	115.6	115.6xd	124.0	-0.1	4.34
UK Equity Acc	5¼	133.3	133.3xd	143.0	-0.1	4.34
UK Ind Tracker Inc	5	123.0	123.0	131.4	-0.2	3.74
UK Ind Tracker Acc	5	133.7	133.7	142.9	-0.2	3.74
US Eq Ind Tracker Inc	5	140.6	140.6	150.9	-2.6	2.99
US Eq Ind Tracker Acc	5	146.0	146.0	156.7	-2.7	2.99
Japan Tracker	5	65.00	65.00xd	68.94	-0.52	0.00
Asian Tracker	5¼	79.17	79.17xd	84.94	-0.39	1.85
Managed Inc	5¼	101.2	101.2	108.8	-0.6	1.91
Managed Acc	5¼	102.8	102.8	110.6	-0.6	1.91
Cash Inc	0	100.55	100.55xd	100.55	+0.06	10.36
Cash Acc	0	111.78	111.78xd	111.78	+0.07	10.36
Europa	5¼	104.2	104.2	111.8		0.00
Genesis		-	-	-		-

For MIM Britannia see INVESCO MIM

For Geoffrey Morley see Commercial Union

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♠) - 1401 to 1700 hours; (♦) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071—379—0444.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline, call 0836 430000. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain your free Unit Trust Code Booklet call 071-925-2128

Sovereign Unit Tst Mngrs Ltd (1000)F

Standard Chartered Equitor (1200)F

Funds in Court*

Henderson Unit Trust Management Ltd

INVESCO MIM Management Ltd

Allied Dunbar Assurance Plc

Century Life Plc

Eagle Star Life Assurance Co Ltd

Guardian Royal Exchange

Legal & General – Contd.

Manulife Group – Contd.

INSURANCES

OTHER UK UNIT TRUSTS

Continued on next page

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available on FT Cityline. Calls charged at 48p per minute peak and 36p off peak, inc VAT. To obtain your free Unit Trust Code Booklet ring (071) 925-2128.

OFFSHORE INSURANCES

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

CANADA (SIB RECOGNISED)

GUERNSEY (SIB RECOGNISED)

GUERNSEY (REGULATED)(**)

IRELAND (SIB RECOGNISED)

IRELAND (REGULATED)(**)

هكذا صدر الأصل

OJT|ON|ITOP

FT MANAGED FUNDS SERVICE

● Current [illegible] prices are available on FT Cityline, call 0836 430000. Calls charged at 36p/minute cheap rate and 48p/minute at all other times. To obtain your free Unit Trust Code Booklet call 071-925-2128

ISLE OF MAN (SIB RECOGNISED)

ISLE OF MAN (REGULATED)(**)

JERSEY (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (SIB RECOGNISED)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Rate worries weaken dollar

THE DOLLAR tumbled to an eight-month low against the D-Mark yesterday as the US currency fell prey to worries about the American economy sliding back into recession and a possible rise in German interest rates.

Suggestions that the Federal Reserve will respond to the growing signs of weakness in the US economy by cutting the discount rate to 4½ per cent from 5 later this week continued to undermine the dollar.

In the three trading days since the Fed reduced a key short-term money market rate by ¼ point to 5 per cent, the dollar has fallen against the D-Mark by 6 pfennigs or 3.5 per cent.

The dollar opened steadily in Europe after the large decline in late New York trading on Friday, but it was undermined throughout the session by a steady flow of selling. At one stage it was as low as DM1.6280 before recovering to close at DM1.6330 from DM1.6610. It rose to DM1.6390 in New York.

With no important US economic data to be released this week, currency analysts believe the dollar is set to trade in a new, lower range. Mr Jeremy Hawkins, senior economic adviser at Bank of America, expected the dollar to hold above support at DM1.6250 but not to break above DM1.6580, the point which until Friday had been the dollar's main support level over the last eight months.

The Federal Open Market Committee meets today and is widely expected to authorise a reduction in the discount rate. However, the Fed may wait until after the current sale of Treasury bonds is over on Thursday until easing.

A resurgent D-Mark was the other factor putting pressure on the dollar as talk that the Bundesbank could decide to raise interest rates at its council meeting on Thursday circulated around the market.

German money market rates were firmer and government bonds weaker. Dealers believed the Bundesbank is becoming concerned at the unexpectedly strong growth in the money supply and the potentially inflationary consequences of the forthcoming wage round.

Most analysts, however, felt that with the threat of recession still hanging over the German economy, the Bundesbank will want to see clearer signs of inflationary pressures before moving on rates. The D-Mark closed at Y79.02-10, up from Y78.38-58.

Sterling held firm against the D-Mark as the threat of intervention by the Bank of England continued to provide support. But the pound is also on hold before the three by-elections this week. It closed unchanged at DM2.9050 while ending at a seven-month high against the weakening dollar at $1.7805, up from $1.7495. The Bank of England's sterling index rose 0.5 to 91.3. In New York the pound eased 70 points to end at $1.7735.

The peseta was firm as the Bank of Spain again held its key money market rate at 12.6 per cent. The D-Mark ended at Pta62.89-92, down slightly on the previous day's close.

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Nov 4	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	133.631	128.771	-3.64	5.25	63
Belgian Franc	42.4032	42.1364	-0.63	2.06	35
D-Mark	2.05586	2.04531	-0.51	1.94	39
Dutch Guilder	2.31643	2.30469	-0.51	1.94	30
Italian Lira	1538.24	1533.17	-0.33	1.76	21
Irish Punt	0.767417	0.765396	-0.26	1.69	16
Sterling	0.696904	0.703889	1.00	0.41	-20
Danish Krone	7.84195	7.92986	1.12	0.30	-47
French Franc	6.89509	6.99308	1.42	0.00	-73

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
Adjustment calculated by Financial Times.

£ IN NEW YORK

Nov 4	Close	Previous Close
£ Spot	1.7730-1.7740	1.7670-1.7680
1 month	0.79-0.78pm	0.80-0.78pm
3 months	2.31-2.28pm	2.32-2.29pm
12 months	8.03-7.93pm	8.15-8.05pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Nov.4	Previous
8.30 am	91.2	90.7
9.00 am	91.1	90.7
10.00 am	91.1	90.7
11.00 am	91.2	90.7
Noon	91.3	90.8
1.00 pm	91.2	90.8
2.00 pm	91.3	90.8
3.00 pm	91.3	90.8
4.00 pm	91.3	90.8

CURRENCY MOVEMENTS

Nov 4	Bank of England Index	Morgan** Guaranty Changes %
Sterling	91.3	-20.6
U.S Dollar	63.2	-15.4
Canadian Dollar	107.2	+4.8
Austrian Schilling	109.3	+11.8
Belgian Franc	111.3	-2.2
Danish Krone	108.3	+2.8
D-Mark	118.0	+24.4
Swiss Franc	109.2	+17.6
Dutch Guilder	114.0	+15.8
French Franc	102.3	-13.7
Lira	98.9	-19.8
Yen	141.9	+75.5

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100). **Rates are for Nov 1

CURRENCY RATES

Nov 4	Bank § rate %	Special * Drawing Rights	European † Currency Unit
Sterling	-	0.786031	0.703889
U.S Dollar	5.00	1.36848	1.24821
Canadian $	8.17	1.53270	1.39724
Austrian Sch	7.50	N/A	14.3931
Belgian Franc	8.00	N/A	42.1364
Danish Krone	9.50	N/A	7.92986
[illegible]	[illegible]	[illegible]	[illegible]

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculation. * All SDR rates are for Nov 1.

OTHER CURRENCIES

Nov 4	£	$
Argentina	17590.3 - 17627.4	9900.00 - 9910.00
Australia	2.2635 - 2.2655	1.2720 - 1.2725
Brazil	1150.10 - 1151.30	647.100 - 647.400
Finland	7.0650 - 7.0780	3.9720 - 3.9750
Greece	323.250 - 328.400	183.150 - 186.050
Hong Kong	13.8010 - 13.8145	7.7615 - 7.7635
Iran	115.50*	67.00*
Korea(Sth)	1322.95 - 1344.25	748.30 - 757.30
Kuwait	0.49255 - 0.49335	0.28880 - 0.28910
Luxembourg	59.90 - 60.00	33.65 - 33.75
Malaysia	4.8670 - 4.8755	2.7390 - 2.7410
Mexico	5331.90 - 5338.45	3000.00 - 3002.00
N.Zealand	3.1560 - 3.1595	1.7735 - 1.7755
Saudi Ar	6.5925 - 6.6695	3.7500 - 3.7510
Singapore	2.9665 - 2.9740	1.6680 - 1.6700
S.Af (Cm)	4.9795 - 4.9915	2.8030 - 2.8045
S.Af (Fn)	5.4925 - 5.5785	3.0865 - 3.1350
Taiwan	46.80 - 46.90	26.30 - 26.35
U.A.E	6.4545 - 6.5315	3.6715 - 3.6735

* Selling rate

POUND SPOT - FORWARD AGAINST THE POUND

Nov 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7635 - 1.7840	1.7800 - 1.7810	0.79-0.77cpm	5.26	2.28-2.25pm	5.09
Canada	1.9745 - 1.9980	1.9945 - 1.9955	0.44-0.35cdis	-2.38	1.38-1.25dis	-2.64
Netherlands	3.2700 - 3.2815	3.2700 - 3.2800	⅜-¼cpm	1.15	¼-⅛pm	0.84
Belgium	59.75 - 60.00	59.90 - 60.00	8-3cpm	1.10	15-8pm	0.77
Denmark	11.2445 - 11.2880	11.2750 - 11.2850	1½-⅞orepm	1.26	3⅞-2⅜pm	1.11
Ireland	1.0865 - 1.0895	1.0875 - 1.0885	par-0.05cdis	-0.28	0.07-0.17dis	-0.44
Germany	2.9025 - 2.9085	2.9025 - 2.9075	⅜-¼pfpm	1.29	¾-⅝pm	0.95
Portugal	249.05 - 250.65	249.65 - 250.65	42-62cdis	-2.49	93-138dis	-1.85
Spain	182.55 - 183.35	182.60 - 182.90	15-36cdis	-1.67	78-115dis	-2.11
Italy	2176.90 - 2184.20	2177.00 - 2178.00	par-2liredis	-0.55	3-5dis	-0.73
Norway	11.3655 - 11.4070	11.3900 - 11.4000	⅜-¼orepm	0.33	½-⅛pm	0.15
France	9.9300 - 9.9485	9.9300 - 9.9400	1¼-⅞cpm	1.21	2⅝-2⅜pm	1.01
Sweden	10.5795 - 10.6250	10.6150 - 10.6250	¼-½oredis	-0.35	¾-1⅛dis	-0.47
Japan	228.75 - 230.00	229.00 - 230.00	⅞-¾ypm	4.25	2½-2¼pm	4.14
Austria	20.43 - 20.50	20.45 - 20.48	2⅛-1⅛gropm	0.95	3⅛-1¼pm	0.42
Switzerland	2.5500 - 2.5645	2.5500 - 2.5600	⅝-½cpm	2.64	1⅜-1¼pm	1.96
Ecu	1.4190 - 1.4230	1.4205 - 1.4215	0.11-0.07cpm	0.76	0.20-0.15pm	0.49

Commercial rates taken towards the end of London trading. Six-month forward dollar 4.35-4.30cpm . 12 Month 8.13-8.03pm.

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

Nov 4	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7635 - 1.7840	1.7800 - 1.7810	0.79-0.77cpm	5.26	2.28-2.25pm	5.09
Ireland†	1.6220 - 1.6370	1.6360 - 1.6370	0.66-0.61cpm	4.66	2.00-1.90pm	4.77
Canada	1.1190 - 1.1210	1.1200 - 1.1210	0.25-0.28cdis	-2.84	0.67-0.72dis	-2.48
Netherlands	1.8370 - 1.8590	1.8385 - 1.8395	0.65-0.68cdis	-4.34	2.02-2.07dis	-4.45
Belgium	33.60 - 33.90	33.65 - 33.75	11.00-13.00cdis	-4.27	0.35-0.40dis	-0.04
Denmark	6.3285 - 6.3870	6.3325 - 6.3375	2.00-2.30oredis	-4.07	6.25-6.85dis	-4.14
Germany	1.6280 - 1.6475	1.6325 - 1.6335	0.56-0.57pfdis	-4.15	1.81-1.83dis	-4.46
Portugal	140.20 - 141.05	140.20 - 140.30	90-97cdis	-8.00	280-295dis	-8.20
Spain	102.70 - 103.75	102.70 - 102.80	71-77cdis	-8.64	185-195dis	-7.40
Italy	1222.50 - 1236.00	1222.75 - 1223.25	5.70-6.20liredis	-5.84	17.90-18.90dis	-6.02
Norway	6.3950 - 6.4570	6.3975 - 6.4025	2.70-3.00oredis	-5.34	8.10-8.60dis	-5.22
France	5.5710 - 5.6315	5.5775 - 5.5825	1.89-1.94cdis	-4.12	5.83-5.93dis	-4.22
Sweden	5.9415 - 6.0070	5.9625 - 5.9675	2.65-2.90oredis	-5.58	8.30-8.75dis	-5.72
Japan	128.70 - 129.90	128.85 - 128.95	0.12-0.13ydis	-1.16	0.31-0.33dis	-0.99
Austria	11.4850 - 11.5900	11.5150 - 11.5200	4.00-4.40grodis	-4.38	12.30-13.60dis	-4.50
Switzerland	1.4330 - 1.4510	1.4345 - 1.4355	0.35-0.36cdis	-2.97	1.14-1.16dis	-3.21
Ecu	1.2420 - 1.2570	1.2560 - 1.2570	0.49-0.45cpm	4.49	1.49-1.42pm	4.63

Commercial rates taken towards the end of London trading. † UK, Ireland and ECU are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency.

EURO-CURRENCY INTEREST RATES

Nov 4	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	10½ - 10¼	10⅜ - 10¼	10½ - 10⅜	10⅞ - 10¾	10¾ - 10⅝	10⅝ - 10½
US Dollar	5⅛ - 4⅞	5⅛ - 4⅞	5⅛ - 4⅞	5⅛ - 5	5⅛ - 5	5⅜ - 5¼
Can. Dollar	8½ - 8	8½ - 8	7⅞ - 7¾	7⅝ - 7½	7⅝ - 7½	7⅝ - 7½
Dutch Guilder	9⅛ - 9⅛	9⅜ - 9⅛	9⅜ - 9¼	9½ - 9⅜	9⅝ - 9½	9½ - 9⅜
Swiss Franc	7⅝ - 7⅜	7⅝ - 7⅜	8 - 7⅞	8⅜ - 8¼	8⅜ - 8¼	8⅜ - 8¼
D-Mark	9⅛ - 9	9⅛ - 9	9¼ - 9⅛	9½ - 9⅜	9½ - 9⅜	9½ - 9⅜
French Franc	9⅛ - 9	9⅛ - 9	9⅛ - 9	9¼ - 9⅛	9⅜ - 9¼	9⅜ - 9¼
Italian Lira	12 - 10	11 - 10½	11⅛ - 10⅞	11¼ - 10⅞	11⅛ - 10⅞	11⅜ - 11⅛
Belgian Franc	9⅜ - 9⅛	9⅜ - 9¼	9⅜ - 9¼	9½ - 9⅜	9⅝ - 9½	9⅝ - 9½
Yen	6⅛ - 6⅛	6⅛ - 6⅛	6⅛ - 6⅛	6⅛ - 6⅛	5⅞ - 5⅝	5⅝ - 5½
Danish Krone	9⅛ - 9⅛	9⅛ - 9⅛	9⅛ - 9⅛	9½ - 9⅜	9½ - 9⅜	9⅝ - 9½
Asian $Sing	3⅝ - 3½	3⅝ - 3½	3⅞ - 3¾	4⅛ - 4	4⅛ - 4	4⅝ - 4½

Long term Eurodollars: two years 6⅛-6 per cent; three years 6⅝-6½ per cent; four years 7⅛-6⅞ per cent; five years 7⅜-7¼ per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Nov.4	£	$	DM	Yen	F Fr.	S Fr.	N Fl.	Lira	C$	B Fr.	Ecu
£	1	1.781	2.905	229.5	9.935	2.556	3.275	2178.	1.995	59.95	1.421
$	0.561	1	1.631	128.9	5.578	1.435	1.839	1223	1.120	33.66	0.798
DM	0.344	0.613	1	79.00	3.420	0.880	1.127	749.7	0.687	20.64	0.489
YEN	4.357	7.760	12.66	1000.	43.29	11.13	14.27	9490	8.693	261.2	6.192
F Fr.	1.007	1.793	2.924	231.0	10.	2.572	3.296	2192	2.008	60.34	1.430
S Fr.	0.391	0.697	1.137	89.82	3.888	1	1.282	852.4	0.781	23.46	0.556
N Fl.	0.305	0.544	0.887	70.08	3.034	0.780	1	665.0	0.609	18.31	0.434
Lira	0.459	0.818	1.334	105.4	4.562	1.173	1.504	1000.	0.916	27.53	0.652
C $	0.501	0.893	1.456	115.0	4.980	1.281	1.642	1092	1	30.05	0.712
B Fr.	1.668	2.971	4.846	382.8	16.57	4.262	5.463	3633	3.328	100.	2.370
Ecu	0.704	1.253	2.044	161.5	6.992	1.798	2.305	1533	1.404	42.19	1

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES AND OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

PARIS

[illegible]

ECU BOND (MATIF)

December	105.90	105.90	-0.20	105.98	105.84	9.05	3,828
March	-	105.92	-0.20	-	-	9.04	315

Estimated volume 1,061 Total Open Interest 4,143

OPTION ON LONG-TERM FRENCH BOND (MATIF)

Strike	Calls December	Calls March	Calls June	Puts December	Puts March	Puts June
106	1.02	-	-	0.13	0.63	-
107	0.38	1.01	-	0.47	1.09	-
108	0.09	0.58	-	-	-	-
109	0.02	0.31	-	-	-	-
Open Int	102,808	88,948	3,323	86,748	44,567	9,776

Estimated volume 24,100 Total Open Interest 336,160

POUND - DOLLAR

FT FOREIGN EXCHANGE RATES

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.7805	1.7727	1.7578	1.7372	1.6997

BASE LENDING RATES

	%		%		%
Adam & Company	10.5	Credit Lyonnais	10.5	McDonnell Douglas Bank	10.5
Allied Trust Bank	10.5	Cyprus Popular Bk	10.5	Midland Bank	10.5
AIB Bank	10.5	Dunbar Bank PLC	10.5	Mount Banking	10.5
● Henry Ansbacher	10.5	Duncan Lawrie	10.5	NatWestminster	10.5
B & C Merchant Bank	10.5	Equatorial Bank plc	10.5	Northern Bank Ltd	10.5
Bank of Baroda	10.5	Exeter Bank Limited	11	Nykredit Mortgage Bank	11
Banco Bilbao Vizcaya	10.5	Financial & Gen. Bank	11	Provincial Bank PLC	14
Bank of Cyprus	10.5	First National Bank Plc	14	Roxburghe Bank Ltd	11.5
Bank of Ireland	10.5	● Robert Fleming & Co.	10.5	Royal Bk of Scotland	10.5
Bank of India	10.5	Robert Fraser & Ptnrs.	11	● Smith & Williamson Secs.	10.5
Bank of Scotland	10.5	Girobank	10.5	Standard Chartered	10.5
Banque Belge Ltd	10.5	● Guinness Mahon	10.5	TSB	10.5
Barclays Bank	10.5	● Hambros Bank	10.5	Unibank plc	10.5
Benchmark Bank	11	Hampshire Trust Plc	13.5	● United Bk of Kuwait	10.5
Brit. Bk of Mid East	10.5	Heritable & Gen Inv Bank	10.5	Unity Trust Bank Plc	10.5
● Brown Shipley	10.5	● Hill Samuel	10.5	Western Trust	10.5
CL Bank Nederland	10.5	C. Hoare & Co.	10.5	Westpac Bank Corp.	10.5
Citibank NA	10.5	Hongkong & Shanghai	10.5	Whiteaway Laidlaw	10.5
City Merchants Bank	10.5	Julian Hodge Bank	10.5	Yorkshire Bank	10.5
Clydesdale Bank	10.5	● Leopold Joseph & Sons	10.5	● Members of British Merchant Banking & Securities Houses Association.	
Co-operative Bank	10.5	Lloyds Bank	10.5		
Coutts & Co	10.5	Meghraj Bank Ltd	10.5		

MONEY MARKETS

Renewed rate talk

SPECULATION that the world's three major economies will soon move their interest rates dominated dealing on the money markets yesterday.

A ½ point cut in the US discount rate to 4½ per cent is already anticipated by dealers after the Federal Reserve lowered its key Federal funds rate to 5 per cent from 5¼ per cent last week.

The Federal Open Market Committee meets today and is widely expected to authorise a cut in the discount rate. Only the timing is in question. Some analysts believe the Fed will move on rates today, while others believe it will wait until after the Treasury refunding is completed on Thursday.

US money market rates continued to edge lower. In London the December Eurodollars futures contract was firm, although it slipped slightly in late dealing to close a point lower at 94.82.

There was also heightened speculation on the Tokyo money markets that the Bank of Japan is poised to lower the official discount rate by ½ point to 5 per cent, possibly today.

Japanese money dealers have been discussing a cut in rates for over a month. But an easing is now seen as a foregone conclusion since Mr Kiichi Miyazawa emerged as the next prime minister. Mr Miyazawa favours a cut in interest rates to ward off a slowdown next year.

The key unsecured overnight call money rate fell to 6¼ per cent from 6⅝ per cent and a further decline is expected today.

German interest rates were also the subject of discussion. There were suggestions that the Bundesbank could decide to raise rates at its council meeting on Thursday.

German money market rates rose and government bond prices fell, although many analysts believe the Bundesbank will wait for clearer signs of inflationary pressures before raising rates.

UK money market rates were firm as the market was left short of liquidity. The Bank of England provided total assistance of £878m compared with a revised forecast shortage of £1.05bn.

Overnight money was quoted at over 12 per cent at one stage before slipping back to around 10¼ per cent, while three months money was unchanged at 10[illegible] per cent.

Sterling's stability in the face of the stronger mark boosted the December short sterling contract, which rose 8 points to 89.84.

UK clearing bank base lending rate 10.5 per cent from September 4, 1991

FT LONDON INTERBANK FIXING

(11.00 a.m. Nov.4) 3 months US dollars		6 months US Dollars	
bid 5⅛	offer 5¼	bid 5⅛	offer 5⅜

The fixing rates are the arithmetic means rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted to the market by five reference banks at 11.00 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque National de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK — Treasury Bills and Bonds

4pm

Prime rate	8	One month	4.80	Three year	5.94
Broker loan rate	7	Two month	4.71	Four year	6.06
Fed. funds	5	Three month	4.87	Five year	6.73
Fed.funds at intervention	5⅛	Six month	4.96	Seven year	7.17
		One year	5.00	10-year	7.50
		Two year	5.65	30-year	7.95

Nov.4	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.95-9.05	9.00-9.15	9.25-9.40	9.25-9.40	9.25-9.40	9.25
Paris	8⅞-9⅛	8⅞-9	8⅞-9⅛	9⅛-9⅜	9⅛-9⅛	9.25
Zurich	7⅝-7⅞	7⅞-8⅛	-	8⅛-8⅜	-	-
Amsterdam	9.00-9.13	9.18-9.25	-	9.32-9.40	-	-
Tokyo	-	-	-	-	-	-
Milan	10½-10⅞	11-11⅜	-	-	-	-
Brussels	9.31-9.43	9⅜-9⅛	-	9⅛-9⅝	-	-
Dublin	9⅞-10⅛	10-10⅛	10⅛-10⅜	10⅛-10⅜	10⅛-10⅜	-

LONDON MONEY RATES

Nov 4	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	12⅛	10⅝	10⅜	10½	10⅞	10⅜
Interbank Bid	10	10⅜	10⅛	10⅜	10⅛	10⅛
Sterling CDs	-	-	10⅝	10⅜	10⅜	10⅛
Local Authority Deps.	10⅜	10⅜	10⅜	10⅜	10⅜	10⅜
Local Authority Bonds	-	-	-	-	-	-
Discount Mkt Depts	10½	10⅜	-	-	-	-
Company Deposits	-	-	10⅜	10⅜	10⅜	10⅜
Finance House Deposits	-	-	10½	10⅜	10⅜	10⅛
Treasury Bills (Buy)	-	-	10⅛	9⅞	9⅝	-
Bank Bills (Buy)	-	-	10⅛	10⅛	9⅞	-
Fine Trade Bills (Buy)	-	-	-	-	-	-
Dollar CDs	-	-	5.03	5.10	5.10	5.25
SDR Linked Dep. Offer	-	-	7	7	7	7⅛
SDR Linked Dep. Bid	-	-	6⅞	6⅞	6⅞	6⅞
ECU Linked Dep. Offer	-	-	9⅜	9⅞	9⅞	9⅞
ECU Linked Dep. Bid	-	-	9⅞	9⅜	9⅜	9⅜

Treasury Bills (sell); one-month 10⅛ per cent; three months 9⅞ per cent; six months 9½ per cent; Bank Bills (sell): one-month 10⅛ per cent; three months 9⅞ per cent; Treasury Bills; Average tender rate of discount 9.9402 p.c. ECGD Fixed Rate Sterling Export Finance. Make up day October 31 ,1991 . Agreed rates for period Nov.26, 1991 to December 24 , 1991, Scheme I: 11.68 p.c., Schemes II & III: 11.68 p.c. Reference rate for period October 1, 1991 to October 31 , 1991, Scheme IV&V: 10.447 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 11 from September 1 , 1991: Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 7 per cent; one-three months 9½ per cent; three-six months 9 per cent; six-nine months 9 per cent; nine-twelve months 9 per cent; Under £100,000 7 per cent from Sept 5,1991 , Deposits withdrawn for each 5 per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

[illegible]

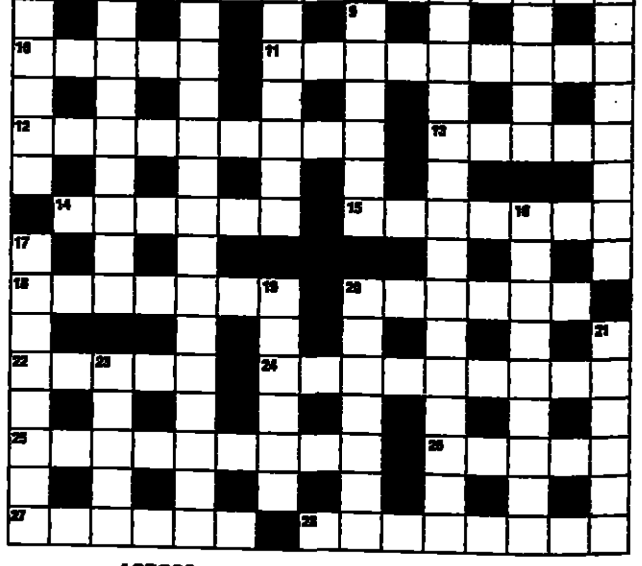
Money Market Bank Accounts

[illegible]

JOTTER PAD

CROSSWORD

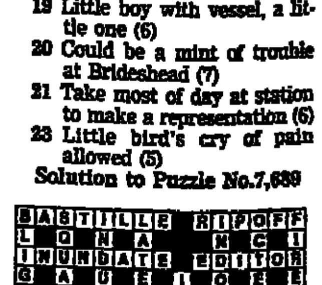
No.7,690 Set by CINEPHILE



ACROSS
1 Opposites of umbrella? (8)
5 Fish first in position (6)
10 Black look from cow that's down? (5)
11 Started off about trousers on box (9)
12 Concession for house increased in the second year (9)
13 Fellow coming with gold, one might hope (5)
14 Produce development from Brussels? (6)
15 Confused flavour came first (7)
18 Hospital briefly treated Nasser: he died in it (7)
20 Title with first page turned back, selling at a penny? (6)
22 Low church loiter? (5)
24 I had an idea I had an obligation after getting them hurt (9)
25 Pseudonym for Lane's misplaced in report (5,4)
26 Climb without a trail (5)
27 Half-century at a cricket match (stop press news?) (6)
28 Suspension of a Turkish title by an establishment (8)

DOWN
1 Make headlines with soda water (6)
2 Direction to swap swapper....to Wapping? (9)
3 So close behind as to give one blisters? (4,2,4,5)
4 Car port (American) and starboard outside (French) (7)
6 Take risks by delaying upper-class solver? (4,11)
7 Brand author as one born with little sensibility (5)
8 The old old days, or trouble in place of wealth (8)
9 Flowing freely from pipe not reduced (6)
16 What makes one feel anger? Chlorophyll? (4,5)
17 Bogus fuel supplier is scandalous (8)
19 Little boy with vessel, a little one (6)
20 Could be a mint of trouble at Brideshead (7)
21 Take most of day at station to make a representation (6)
23 Little bird's cry of pain allowed (5)

Solution to Puzzle No.7,689



WORLD STOCK MARKETS

AUSTRIA | FRANCE (continued) | GERMANY (continued) | NETHERLANDS | SWEDEN (continued) | BELGIUM/LUXEMBOURG | DENMARK | FINLAND | FRANCE | SWITZERLAND | NORWAY | ITALY | SPAIN | SOUTH AFRICA | SWEDEN | AUSTRALIA | HONG KONG | MALAYSIA | SINGAPORE | JAPAN

CANADA

TORONTO

4:00 pm prices November 4

MONTREAL

4.00 pm prices November 4

INDICES

NEW YORK

DOW JONES

STANDARD AND POOR'S

NEW YORK ACTIVE STOCKS

TRADING ACTIVITY

CANADA

TORONTO

Base values of all indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

§ Subject to official recalculation

Base values of all indices are 100 except BEL20, HEX General, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 25 Industrials – 264.3 and Australia All Ordinary and Mining – 500. (c) Closed. (u) Unavailable

*Calculated at 15.00 GMT

TOKYO - Most Active Stocks

Friday, 30 October, 1991

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Tokyu	8.4m	1,130	+60	Toho Bank	3.5m	755	+21
Olympus Optical	6.0m	1,530	-20	Kawasaki Heavy	3.4m	570	-12
Honshu Paper	4.3m	997	+37	Japan Storage Battery	3.2m	1,170	0
Meiji Milk Products	3.7m	1,130	-20	Japan Airlines	3.0m	1,100	-50
Meiji Seika	3.6m	1,120	+20	Sumitomo Bank	3.0m	2,590	+40

4:00 pm prices November 4

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

- A -

- B -

- C -

- D -

- E -

- F -

- G -

- H -

- I -

- J -

- K -

- L -

- M -

- N -

- O -

- P - Q -

- R -

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

[illegible]

- X - Y - Z -

1991 High	1991 Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close	Chng
64⅞	35¼	Xerox x	3.00	0.05	60	820	63¾	63⅛	63⅜	-¼
51⅛	43¼	Xerox4.125 x				z100	51¼	51¼	51⅛	
25⅛	14⅛	Xtra 1.94				238	24⅝	24½	24½	-⅛
29¾	14¾	Xtra Corp	0.72	0.02	95	288	29½	28¾	28¾	-¾
26⅝	21⅞	Yankee Egy	1.60	0.06	12	27	u26⅝	26	26⅜	+⅛
1½	⅝	Zapata			2	211	¾	⅝	⅝	
9⅞	5¼	ZenithElec			2	370	6⅝	6⅜	6½	+⅛
18½	12	Zenith Nat x	1.00	0.06	23	31	16½	16¼	16¼	-⅜
8⅝	4½	Zenix Inc	0.84	0.14		34	6¼	6¼	6¼	
15⅛	10⅞	Zero Corp x	0.40	0.03	15	182	11¾	11⅝	11⅝	-⅛
41⅞	29½	Zurn Ind x	0.88	0.02	13	531	34⅝	33⅞	33⅞	-⅞
13½	10⅛	Zweig Fund	1.16	0.09		279	12⅞	12⅝	12⅞	
10½	8½	Zweig Totl	0.95	0.09		524	10⅜	10⅛	10⅜	+⅛

Price data supplied by Telekurs.

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

4:00 pm prices November 4

[illegible]

NASDAQ NATIONAL MARKET

4:00 pm prices November 4

[illegible]

- X - Y - Z -

Stock	Div.	P/E	Sls 100s	High	Low	Last	Chng
Xilinx		30	901	27½	26⅝	27	
XL Data		31	65	10⅝	10¼	10¼	-⅛
Xoma Corp		10	3950	20¼	19¼	19¼	
Yellow Fr x	0.94	104	1656	31½	31⅛	31⅜	+⅛
York Rsch		63	860	8	7½	7⅝	-¼
ZionsUtah	1.44	9	338	47¼	46½	46⅞	-⅜

AMERICA

Late buying cuts initial drop on bond yields rise

Wall Street

ALTHOUGH concern about the US economy and a rise in long-dated bond yields left share prices lower yesterday, a late round of buying helped to limit the damage, *writes Patrick Harverson in New York.*

At the close the Dow Jones Industrial Average was down 10.74 at 3,045.61, well above the day's low of around 3,030. The more broadly based Standard & Poor's 500 ended 1.05 off at 390.27, while the Nasdaq composite of over-the-counter stocks continued to retreat from last week's record high, losing 3.43 to 537.50. Volume on the New York SE was well down on recent sessions at 155m shares.

The sluggish nature of the economic recovery continued to trouble equity investors, although hopes that the Federal Reserve would soon cut interest rates in an attempt to breathe life into the economy helped provide some ballast. A rise in bond yields, however, unsettled the market.

The headline loss in the Dow was exacerbated by the fact that two big stocks, IBM and Texaco, went ex-dividend. IBM fell \$1¼ to \$97 and Texaco lost \$⅝ to \$64½.

Compaq dropped \$1¼ to \$26⅝ on volume of 1.5m shares on unconfirmed reports that Mr James Harris, co-founder, and two fellow senior executives had left. Only two weeks ago, another co-founder, Mr Rod Canion, was fired as the computer manufacturer's president and chief executive officer.

American Express eased \$⅜ to \$18⅝ in active trading after Moody's Investors Service, the US ratings agency, downgraded the group's long-term debt. The downgrading, which affected about \$7bn in securities, followed American Express's poor third-quarter results, and was made because of Moody's concern about asset quality and growing challenges to the group's core credit card and travel-related services businesses.

Lockheed moved against the trend, rising \$⅞ to \$46¼ after the defence and aerospace group authorised a buy-back of up to 4m common shares.

Bank issues were mostly weaker in spite of the talk about lower interest rates and new government policies to make it easier for banks to lend. Salomon moved ahead \$1⅛ to \$29⅜ on turnover of 1.1m shares amid talk that a lone buyer has been picking up large amounts of stock lately.

Carolco, the movie production group, eased \$¼ to \$5¼ after it revealed that almost half of the \$65m in convertible securities privately placed with investors had been bought by two groups from Italy and Japan.

Autodesk dropped \$4¼ to \$37¾ after Dean Witter and Prudential Securities reduced their earnings estimates for the company because of recent poor sales.

Canada

TORONTO stocks recovered from an opening downturn to end mixed after the US Treasury's sale of three and six-month bills went as expected.

The composite index ended just 0.8 down at 3,511.8 and rises narrowly led declines by 266 to 261 after thin volume of 21.6m shares.

Traders said they were watching the bond market for direction ahead of the US Federal Reserve's Open Market Committee meeting today and the treasury refunding.

Canadian Pacific reported a third-quarter loss of C\$51.8m, including a C\$42.5m gain from the sale of CP Forest's tissue business, and a C\$101m share in Laidlaw's write-down of its investment in ADT Ltd. CP earned C\$74.3m a year ago. The stock was up C\$⅛ at C\$19.

SOUTH AFRICA

JOHANNESBURG showed little reaction as millions of black South Africans went on strike. The all-share index eased 10 to 3,501. The all-gold index fell 20 to 1,145, but the industrial index ended 3 higher at 4,257.

Equity markets focus on US economic prospects

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1991	Start of 1991	Start of 1991
Austria	−5.89	−14.06	−13.91	−12.15	−13.68	−21.76
Belgium	−0.41	+0.60	+4.49	+9.98	+9.00	−1.19
Denmark	−0.01	+1.39	+12.52	+23.76	+22.43	+10.86
Finland	−0.93	−0.76	−5.96	−6.73	−7.77	−16.40
France	+1.40	+0.42	+14.42	+21.31	+19.97	+8.75
Germany	−0.06	−1.75	+4.52	+7.21	+6.46	−3.50
Ireland	+0.96	+0.60	+10.47	+19.87	+19.63	+8.45
Italy	−0.68	−4.17	−10.21	−2.02	−2.01	−11.17
Netherlands	−0.05	+0.97	+18.01	+17.61	+16.94	+6.01
Norway	−0.77	−4.35	−9.87	+2.19	+1.66	−7.84
Spain	+0.34	+0.39	+16.32	+20.63	+21.67	+10.29
Sweden	+1.33	−0.29	+18.97	+26.81	+29.90	+17.75
Switzerland	−0.50	+0.01	+21.21	+21.86	+17.39	+6.42
UK	+1.39	−2.63	+25.97	+19.27	+19.27	+8.12
EUROPE	+0.69	−1.58	+15.96	+15.95	+15.36	+4.56
Australia	+2.63	+5.60	+31.63	+32.86	+48.45	+34.58
Hong Kong	+1.82	−0.99	+37.66	+35.95	+50.64	+36.54
Japan	+0.13	−0.09	+8.86	+9.79	+26.14	+14.33
Malaysia	+1.43	+6.08	+4.86	−1.87	+6.40	−3.55
New Zealand	+2.39	+7.33	+9.04	+19.10	+25.13	+13.41
Singapore	+0.12	+4.87	+23.40	+21.37	+37.90	+25.00
Canada	+2.14	+4.18	+10.47	+5.45	+20.54	+9.27
USA	+2.00	+2.75	+28.77	+19.42	+31.74	+19.42
Mexico	+0.09	+9.43	+147.74	+131.67	+151.48	+127.96
South Africa	+1.36	+4.07	+32.59	+29.77	+56.09	+41.48
WORLD INDEX	+1.06	+0.87	+18.58	+15.75	+26.11	+14.31

† Based on November 1st 1991. Copyright, The Financial Times Limited, Goldman, Sachs & Co., and County NatWest Securities

By William Cochrane

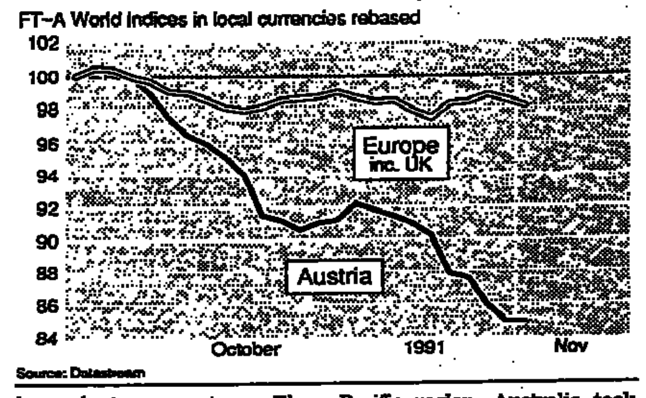
OVER THE past month, equity markets have focused on the prospects for the US economy. This was certainly true last week, when a recovery on Wall Street, followed by the UK, took the FT-Actuaries World Index up by 1.1 per cent in local currency terms after a 1.3 per cent fall the week before.

The US started well, making most of its net gains for the week on Monday, October 28 on the feeling that the Wall Street market had been oversold in the week before. It moved higher amid rising hopes of a monetary easing, and a decline in bond yields, but closed the week in more subdued form.

Goldman Sachs International points to recent evidence that the US economy has turned more sluggish; but it maintains that the US is already in an economic recovery, has a moderately healthy growth rate in view and that, in consequence, it can be optimistic about prospects for world equity markets.

Japan, meanwhile, seems to have lost momentum. The Tokyo equity market put up a useful increase over the month of October as a whole, but all of its net gains were registered in the first few days. Last week's 0.1 per cent rise leaves it with a 0.1 per cent decline over a four-week period; hopes of a further reduction in interest rates have had little effect on share prices yet, and earnings figures in the latest season of progress reports have been disappointing.

FT–A World indices in local currencies rebased



Source: Datastream

In an otherwise bullish Asia Pacific region, Australia took over as the senior focus of investment attention, on expectations of an interest rate cut and news of a fall in inflation. New Zealand had a couple of good days, with foreign buying once again a strong influence, and Hong Kong moved up on the back of Wall Street, and buying of property shares.

Malaysia had its day on Friday. The country's government confounded analysts with a budget which pledged continued high growth for the economy, and which seemed to ignore the threat of fiscal overheating which had inspired fears of tax increases and other cooling-off measures. The market had second thoughts yesterday and fell back.

Europe, excluding the UK, stayed subdued with a rise of just 0.2 per cent. It has underperformed the rest of the world since mid-year, and consistently so over the past two months.

Even so, Austria sticks out like a sore thumb. Mr Nigel Spence of Baring Securities has just visited the country; his initial prognosis is that the Vienna market, relatively strong in 1990 when *Ostphantasie* was still a positive influence, now needs "a macro-event of huge proportions" to bring it back into positive performance.

These could include:

- a recovery in western economies: Austria has some very high quality international companies which have suffered from economic slowdown;
- peace in Yugoslavia;
- or other eastern prospects, to give the "Gateway to the East" some renewed appeal.

EUROPE

Total helps French oil sector shine as bourses weaken

A GENERAL mood of depression in bourses yesterday was not improved, among late closing markets, by the weak start on Wall Street, *writes Our Markets Staff.*

PARIS featured another strong performance by oil shares, although the bourse was dragged lower by modest selling of other blue chips. Sentiment was depressed by Wall Street's early fall and the weakness of the French franc against the D-Mark, making an interest rate cut less likely.

The CAC 40 index closed 15.16 lower at 1,841.51. Turnover halved from Thursday's FFr3.4bn. Total, which is to be included in the CAC 40 index early next month, jumped to a day's high of FFr1,000 before closing FFr22 or 2.3 per cent up at FFr985 in fairly heavy volume of 222,000 shares. The stock, which had already been popular in the run-up to its share issue and New York listing on October 25, has risen 30 per cent from FFr759 at the end of June.

In the same sector, Elf Aquitaine hit a day's high of FFr418 before ending FFr5 up at FFr414 in 203,600 shares.

Sanofi, Elf's pharmaceuticals arm, fell to a day's low of FFr1,006 before finishing FFr9 down at FFr1,015. Analysts were mildly disappointed with the limited US approval given to Ticlid, its anti-stroke drug.

Arjomari-Prioux, which is to be removed from the CAC 40 index, dropped FFr97 or 4.2 per cent to FFr2,230. Accor, the hotels group, gave up FFr20 or 2.7 per cent to FFr710 after the approval of its bid for Wagons-Lits of Belgium.

FRANKFURT heard general and specific forecasts, and reacted little to either. Volume stayed low at DM3bn, compared with Friday's holiday-affected DM2.2bn, as the DAX index fell 3.34 to 1,570.21 after a rise of 0.36 to 649.47 in the FAZ at midsession.

Degab, the research arm of Deutsche Bank, pulled its recent sector earnings forecasts together, estimating that German corporate earnings will decline by about 7.5 per cent in 1991. This incorporates falls of 22.5 per cent for chemical companies and 13.5 per cent for carmakers, and gains of 57.5 per cent for department stores and 5.5 per cent for construction.

FT-SE Eurotrack 100 - Nov 4

Hourly changes

Open	10 pm	11 am	Noon	1 pm	2 pm	3 pm	Close
1091.77	1091.30	1090.87	1090.78	1090.40	1089.31	1087.87	1088.07

Day's High 1091.91 Day's Low 1087.36

Nov 1	Oct 31	Oct 30	Oct 29	Oct 28
1095.11	1096.45	1101.22	1099.96	1097.04

Base value 1000 (26/10/90)

The specific forecast came from Kaufhof, the department store group, which said that its earnings could rise from DM18 a share in 1990 to DM30 in 1995. With the shares at DM512.50, up DM1.50 yesterday, this puts it on a prospective p/e of 17 some four years hence which, said an analyst, was somewhat demanding of the years 1995-2000.

Elsewhere, Mannesmann fell DM4 to DM253 on reports that Mobilfunk, a digital communications subsidiary, would be excluded from a potentially lucrative contract for antitrust reasons. Continental, the tyre-maker in co-operation talks with Pirelli SpA of Italy, rose DM2.30 to DM218.10 in turnover of DM62m, relatively high for this stock.

ZURICH's general worries, including high interest rates and signs of a possible recession in Switzerland, took the Crédit Suisse index down 4.2 to 481.6. Volume was low.

Adia, the temporary employment company which said on Friday that it was negotiating the sale of a US operation, saw its bearers fall another SFr38 to SFr712 after Friday's drop of SFr50.

MILAN fell in low volume, the Comit index losing 2.66 to 512.99 in turnover estimated at between L50bn and L70bn.

There were fears that mutual funds were having to sell equities and other instruments to meet redemptions. Mutual funds data for October are due out later this week and are expected to be poor.

Bucking the trend was the textiles group, Marzotto, up L49 at L6,349 on Friday's news that it had bought a majority stake in Hugo Boss, the German men's wear company. Analysts said Marzotto had paid just 12 times earnings for Boss compared with 20 times when the same stake was originally sold two years earlier, but that it might need to have a capital increase to restore its debt-equity ratio.

AMSTERDAM continued to be depressed by the weaker dollar. The CBS Tendency index fell 0.6 to 88.7 in thin turnover of Fl 422.8m.

KLM, which reports its quarterly figures this week, lost 50 cents to Fl 37. The chemicals group, Akzo, gained another 60 cents to Fl 122.50, buoyed up by last week's pleasing third-quarter figures, while DSM declined 40 cents to Fl 98.70.

OSLO was pulled down by an uncertain economic outlook, the all-share index falling 6.89 to 457.08 in turnover of NKr200m. Hafslund Nycomed, which reported a rise in nine-month profits last week, rose against the trend, adding NKr1.5 to NKr255. But Norsk Hydro fell NKr3 to NKr161 in spite of firmer oil prices.

STOCKHOLM was also weaker ahead of the release of interim results. The Affärsvärlden General index eased 1.8 to 1,015.3 in light turnover of SKr163m, after SKr141m in half-day trading on Friday.

MADRID fell sharply in thin volume. The general index shed 5.27 or 2 per cent to 258.50 in turnover of about Pta9bn, down from Pta11bn.

HELSINKI hit a closing low for the year, the Hex index falling 2.9 to 826.1.

ASIA PACIFIC

Malaysia falls as budget enthusiasm fades

DOMESTIC economic and political news swayed Pacific Rim markets yesterday, in the absence of a lead from Tokyo which was closed for a holiday.

KUALA LUMPUR retreated in light trading as its initial enthusiasm for the government's 1992 budget, released on Friday, waned. The composite index lost 5.94 or 1.1 per cent to 531.09. Turnover shrank to M\$79m from M\$96m. The market is shut today for a holiday.

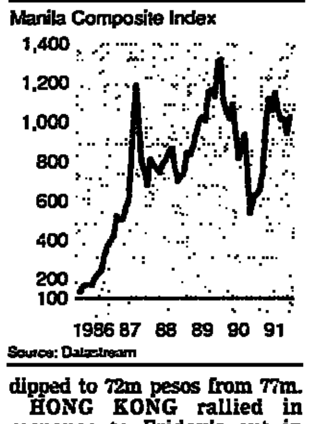
Investors were disappointed that the budget failed to address inflation and a growing trade deficit. Foreign investors were also unsettled by the 18 per cent increase in federal government spending, the bulk of which will pay for government workers' salary rises.

MANILA finished little changed, as investors waited for the first pronouncements of former First Lady Imelda Marcos, who returned to the Philippines yesterday. Mrs Marcos and her husband, the former dictator, fled the Philippines in late February 1986. Mr Marcos died in September 1989.

The composite index edged up 1.19 to 1,026.49 after the three-day weekend. Turnover

Philippines

Manila Composite Index



Source: Datastream

dipped to 72m pesos from 77m.

HONG KONG rallied in response to Friday's cut in local interest rates. The Hang Seng index jumped 45.22 to 4,083.04, only 10 points off its record high of 4,093.41 reached on October 3. Turnover grew to HK\$1.29bn from HK\$1.16bn.

Dealers said the market appeared to have discounted the anti-inflation measures that the government is due to announce tomorrow.

Finance stocks turned in the day's best gains, followed by commercial and industrial issues. Bank of East Asia advanced 90 cents to HK\$21.80.

BANGKOK moved ahead in busy dealings on the prospect of lower interest rates, and a general election in April. The SET index gained 12.39 to 654.20 in turnover of Bt3.1bn.

SEOUL was unsettled by Friday's news that the tax authorities had ordered the founder of Hyundai Group to pay a record amount of penalty taxes for illegal stock transactions. The composite index was down 14.80 at 669.92 in turnover of Won208bn, after Saturday's half-day total of Won163bn.

There were fears that Chung Ju-yung, owner of Hyundai Group, would sell Hyundai shares to pay his record Won136bn penalty. Shares of most Hyundai Group subsidiaries plunged. Hyundai Engineering and Construction, the group's parent, fell its daily limit of Won800 to Won17,600.

AUSTRALIA slipped in trading subdued by Tokyo's closure and by the prospect of today's Melbourne Cup holiday in Victoria. The All Ordinaries index eased 2.3 to 1,681.7.

Turnover was boosted from A\$144m to A\$348m by the sale of 22.5m shares, at A\$8.05 each, in Mayne Nickless, the transport, healthcare and security company, by Amcor. Mayne added 10 cents at A\$8.40 while Amcor shed 2 cents to A\$6.40.

News Corp climbed 58 cents to A\$15.32 before its quarterly results, due this week. Orbital Engine put on 15 cents to A\$4.55, a post-1987 crash high, on hopes of a rally after its listing in New York.

NEW ZEALAND ended above its lows after late buying brought some relief. The NZSE-40 index closed 7.29 off at 1,527.04 in light turnover of NZ\$9.5m, down from NZ\$23m.

New Zealand Oil and Gas was the most active stock, rising 3 cents to 76 cents in volume of 970,000 shares. The company operates, and has a 32 per cent stake in, an exploration well in the Taranaki region, at which it has reported a minor flow of oil.

SINGAPORE finished mixed after earlier gains were eroded by profit-taking. The Straits Times Industrial index ended 2.24 up at 1,418.76 after turnover of S\$72m, against S\$97m. The market is closed today.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY NOVEMBER 4 1991								FRIDAY NOVEMBER 1 1991					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1991 High	1991 Low	Year ago (approx)
Australia (69)	159.46	+0.4	132.78	129.93	135.38	134.94	−0.2	4.52	158.87	134.63	130.80	137.19	135.25	159.46	112.74	121.64
Austria (20)	159.32	+3.6	132.67	129.82	135.27	135.50	+0.8	2.11	153.86	130.39	126.68	132.87	134.38	222.37	153.86	203.40
Belgium (47)	132.98	+1.8	110.73	108.34	112.89	110.51	−0.4	5.36	130.65	110.71	107.56	112.82	110.99	151.20	118.04	139.52
Canada (115)	141.84	−0.2	118.11	115.57	120.42	115.09	−0.1	3.25	142.08	120.41	116.98	122.63	115.23	142.27	126.49	124.30
Denmark (37)	262.94	+1.8	218.94	214.25	223.23	226.55	+0.1	1.56	258.18	218.79	212.57	222.95	226.23	270.56	217.74	257.59
Finland (15)	86.89	+0.8	72.35	70.80	73.77	72.48	−1.0	3.36	86.22	73.07	70.99	74.46	73.18	125.15	83.69	104.33
France (103)	144.85	+1.1	120.62	118.02	122.98	126.80	−0.6	3.50	143.28	121.42	117.96	123.72	127.55	152.26	119.11	140.87
Germany (65)	109.91	+1.8	91.52	89.56	93.31	93.31	+0.1	2.43	107.98	91.51	88.92	93.25	93.25	125.35	94.15	115.54
Hong Kong (55)	168.23	+1.1	140.08	137.07	142.83	167.65	+1.1	4.49	166.32	140.95	136.94	143.63	165.82	169.98	119.62	120.28
Ireland (18)	162.48	+0.9	135.29	132.39	137.94	139.90	−0.8	3.58	161.00	136.44	132.56	139.03	141.08	182.46	132.88	163.79
Italy (77)	70.41	+1.2	58.63	57.37	59.78	64.31	−0.5	3.61	69.56	58.95	57.27	60.07	64.64	88.23	64.76	84.74
Japan (474)	144.15	+1.0	120.03	117.45	122.39	117.45	+0.0	0.72	142.65	120.89	117.45	123.20	117.45	146.97	118.23	134.91
Malaysia (68)	203.02	−0.8	169.05	165.41	172.36	214.24	−1.1	2.88	204.60	173.39	168.45	176.68	216.54	247.78	189.18	200.34
Mexico (16)	1332.32	+0.0	1109.40	1085.57	1131.13	4371.54	+0.0	1.21	1332.32	1129.06	1096.94	1150.53	4371.54	1336.04	534.45	550.64
Netherland (31)	143.83	+1.3	119.77	117.19	122.12	120.72	−0.5	4.47	142.02	120.35	116.93	122.64	121.28	145.73	125.70	134.71
New Zealand (14)	49.37	+0.3	41.11	40.23	41.92	46.52	−0.4	6.25	49.23	41.72	40.54	42.52	46.70	54.64	41.18	49.66
Norway (30)	189.19	+0.5	157.53	154.15	160.62	164.34	−1.4	1.57	188.25	159.53	155.00	162.57	166.60	223.24	178.58	229.98
Singapore (38)	202.75	+1.8	168.82	165.20	172.13	155.94	+0.7	2.24	199.09	168.72	163.92	171.92	154.87	208.25	151.63	158.48
South Africa (61)	259.24	+0.2	215.87	211.23	220.09	176.28	−0.3	2.77	258.76	219.29	213.04	223.45	176.76	260.65	173.00	161.65
Spain (53)	154.23	−0.3	128.43	125.67	130.94	120.06	−2.0	4.56	154.76	131.15	127.42	133.64	122.52	171.12	131.51	146.55
Sweden (25)	189.44	+0.9	157.74	154.36	160.83	167.28	−0.6	2.67	187.76	159.11	154.59	162.14	168.37	204.12	146.60	170.86
Switzerland (59)	96.05	+1.5	79.98	78.27	81.56	85.45	−0.3	2.26	94.64	80.20	77.93	81.74	85.67	100.67	82.17	92.16
United Kingdom (240)	180.88	+1.0	150.61	147.36	153.55	150.61	−0.8	4.93	179.13	151.80	147.47	154.67	151.80	167.44	156.27	161.61
USA (526)	158.55	−0.4	132.02	129.19	134.61	158.55	−0.4	3.05	159.20	134.91	131.08	137.49	159.20	161.02	125.95	126.68
Europe (826)	142.29	+1.2	118.48	115.94	120.81	120.29	−0.6	3.99	140.67	119.21	115.82	121.48	121.02	151.52	125.50	136.82
Nordic (107)	187.42	+1.3	156.06	152.71	159.11	157.13	−0.4	2.05	185.06	156.82	152.37	159.81	157.74	200.81	155.55	183.10
Pacific Basin (718)	144.66	+1.0	120.45	117.87	122.82	119.01	+0.0	1.05	143.22	121.37	117.92	123.68	118.99	145.92	117.86	133.60
Euro−Pacific (1544)	144.07	+1.1	119.96	117.38	122.31	120.38	−0.2	2.21	142.55	120.81	117.36	123.10	120.65	147.66	121.29	135.27
North America (641)	157.43	−0.4	131.09	128.29	133.68	155.61	−0.4	3.06	158.06	133.95	130.15	136.52	156.23	159.66	125.91	126.45
Europe Ex. UK (586)	119.40	+1.3	99.42	97.31	101.39	102.89	−0.5	3.28	117.89	99.90	97.08	101.82	103.37	129.80	103.58	121.15
Pacific Ex. Japan (244)	149.61	+0.6	124.58	121.92	127.03	132.46	+0.2	4.22	148.70	126.02	122.45	128.43	132.23	149.61	111.40	117.39
World Ex. US (1736)	145.94	+1.0	121.52	118.92	123.91	121.81	−0.2	2.25	144.50	122.45	118.98	124.79	122.06	148.16	122.32	135.40
World Ex. UK (2022)	146.07	+0.4	121.63	119.02	124.02	131.58	−0.2	2.28	145.44	123.25	119.75	125.61	131.89	146.07	120.06	128.38
World Ex. So. Af (2201)	148.38	+0.5	123.55	120.91	125.98	133.03	−0.3	2.53	147.65	125.12	121.58	127.51	133.42	148.66	122.92	131.14
World Ex. Japan (1788)	153.16	+0.2	127.54	124.81	130.08	142.00	−0.4	3.44	152.84	129.52	125.65	132.00	142.62	153.17	126.69	130.77
The World Index (2262)	149.10	+0.5	124.16	121.49	126.60	133.41	−0.3	2.54	148.38	125.74	122.17	128.14	133.30	149.10	123.28	131.33

Constituent change with effect 5/11/91: Addition: Banacci C (Mexico). Japanese market closed November 4.